

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State of Washington
Office of Financial Management
December 2023



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

December 2023



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State Health Care Authority

University of Washington

All state fiscal personnel

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State of Washington

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INTRODUCTORY SECTION

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STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

December 7, 2023

The Honorable Jay Inslee, Governor
Honorable Members of the Legislature
Citizens of the State
State of Washington
Olympia, WA 98504

In accordance with Revised Code of Washington 43.88.027, the Office of Financial Management presents Washington state's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. The state holds full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. As the cost of internal control should not exceed anticipated benefits, the state's objective is to provide reasonable assurance, rather than an absolute guarantee, that these financial statements are free of any material misstatements.

The State Auditor has issued an unmodified (“clean”) opinion on the Washington state financial statements for the fiscal year ended June 30, 2023. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Following the MD&A are the basic financial statements, including the government-wide financial statements, fund financial statements, and notes to the financial statements. The required supplementary information, combining financial statements, individual fund schedules, and statistical section complete the ACFR.

Profile of Washington State

Washington state was created in 1889 by an enabling act of Congress. The state is located on the Pacific Coast, in the northwestern corner of the continental United States, and comprises 71,298 square miles. Its current population is 8.0 million. Washington is famous for its breathtakingly beautiful scenery and sharp contrasts. On the west side of the state, high mountains rise above coastal waters. The forests of the Olympic Peninsula are among the world’s rainiest places. The state’s coastline features hundreds of bays and inlets that make excellent harbors, while in the eastern part of the state, flat semi-desert land stretches for long distances without a single tree.

Washington's location makes it a gateway for land, sea, and air travel to Alaska and Pacific Rim countries. Ships from all parts of the world dock at Washington ports. Costco Wholesale Corporation, headquartered in Issaquah, operates an international chain of membership warehouses. Microsoft, a global leader in the computer software industry, makes its home in Redmond. Amazon, a major internet retailer, Starbucks, a worldwide renowned coffee company, and Weyerhaeuser Company, a major producer of wood and related products, are all headquartered in Seattle.

East of the Cascade Mountain range, farmers raise livestock and grow a variety of crops such as wheat, potatoes, and tree fruits. Washington leads the nation in apple and hops production, makes world-class wine, and produces large amounts of lumber, pulp, paper, and other wood products. Western Washington's mild, moist climate makes that region excellent for dairy farming and the production of flower bulbs.

GOVERNMENTAL STRUCTURE

As established in the state Constitution, Washington state has executive, legislative, and judicial branches of government. The Executive Branch is composed of nine elected officials: the Governor, Lieutenant Governor, Secretary of State, State Treasurer, State Auditor, Attorney General, Superintendent of Public Instruction, Insurance Commissioner, and Commissioner of Public Lands. Forty agency heads are appointed by, and report to, the Governor. Seventy-seven agency heads report to boards appointed, in whole or in part, by the Governor. The Legislative Branch is composed of the Senate (with 49 members) and the House of Representatives (with 98 members). The Judicial Branch is composed of the State Supreme Court, the highest court in the state, which has nine justices. Every two years, three justices are elected for six-year terms. A Chief Justice is chosen from among the most senior justices. The Judicial Branch also includes the state's superior courts, justices of the peace, and such inferior courts as the Legislature may provide.

TYPES OF SERVICES PROVIDED AND REPORTING ENTITY

The state provides a wide range of services that include education, transportation, environment and natural resource protection, and social and health services.

The accompanying report includes all funds and subsidiary accounts of the primary government, Washington state as legally defined, as well as its component units. Component units are legally separate entities for which the primary government is financially accountable or ones that have relationships with the state such that exclusion would cause the state's financial statements to be misleading or incomplete. Note 1.A to the financial statements explains more fully the component units which are included in the reporting entity.

THE BUDGET CYCLE

Washington enacts budgets for a two-year cycle, beginning on July 1 of each odd-numbered year. By law, the Governor must propose a biennial budget in December, the month before the Legislature convenes in regular session. The biennial budget enacted by the Legislature can be modified in any legislative session through changes to the original appropriations. Since the inception of annual legislative sessions in 1979, it has become common for the Legislature to enact annual revisions to the state's biennial budget. These revisions are referred to as supplemental budgets.

Operating appropriations are generally made at the fund/account and agency level; however, in a few cases, appropriations are made at the fund/account and agency/program level. State operating appropriations in the General Fund are for a single year in the biennium. Operating appropriations in other funds cover either the entire biennium or a single year in the biennium. Capital appropriations are biennial and are generally made at the fund/account, agency, and project level. The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances.

Washington State's Economic and Revenue Outlook

In economic terms, the period in which employment rebounds to its pre-recession peak is called a recovery and the subsequent growth is considered an expansion. Recent economic performance in Washington is tied to the post-COVID recovery expansion. The pandemic's initial impact resulted in a loss of 431,700 non-farm jobs. However, by August 2023, the state experienced a growth in non-farm employment of 539,500 jobs since its lowest point in May 2020. This growth means employment now exceeds pre-pandemic employment by 110,900 jobs.

While employment overall in Washington has been in expansion mode, several large job sectors have yet to return to pre-pandemic levels. As of August 2023, aerospace employment was still down by 11,600 jobs. Aside from the pandemic impact on air travel, the aerospace sector in Washington has had the additional burden of production and airworthiness issues with one of its popular aircraft (737 Max), resulting in delayed deliveries. Retail trade is still 4,000 jobs short as brick-and-mortar stores have struggled to adapt to consumers' growing preference for online shopping. The leisure and hospitality sector is currently lagging by over 7,000 jobs compared to pre-pandemic levels, due to accommodation businesses continuing to experience tepid mid-week (business travel) bookings. While the aerospace issues are likely temporary in nature, the changes affecting both the retailing and the leisure and hospitality sectors may have longer-term consequences.

Washington's jobless rate has matched the national rate during the latter part of the economic expansion, falling below 4.0 percent in the third quarter of 2023. Washington's rate has traditionally been higher than the national norm due to the state's outsized share of seasonal industries and its attractiveness to in-migrants searching for opportunity and the Northwest experience. Over the past five years, 79 percent of Washington's population growth has been due to migration. More recent forecasts expect Washington's jobless rate to trend above the national average, likely the result of strengthening population growth and the accompanying frictional lag in employment. In fundamental ways, this reflects the confidence workers have in finding gainful employment. By the end of the current biennium (2023–25), Washington's unemployment rate is projected to increase to 4.7 percent from the current 3.6 percent.

Personal income in Washington is expected to moderate over the next two fiscal years. Real personal income declined 2.0 percent in fiscal year 2022 as federal COVID relief payments ended and households drew down their pandemic savings. As the economy began to expand, real personal income grew 0.2 percent in fiscal year 2023. Real personal income is expected to grow 2.3 percent in fiscal year 2024 and 2.7 percent in fiscal year 2025. In comparison, U.S. real income growth is expected to be 1.1 percent, and 2.2 percent over the next two fiscal years. On a per-capita basis, Washington's real personal income should reach \$63,698 in fiscal year 2025, nearly \$9,200 above the U.S. average.

These gains in Washington's personal income will occur as employment growth trends toward a more moderate rate following the vigorous rebound growth rates of fiscal years 2022 and 2023. Aerospace employment, a traditional driver of Washington's economy, is expected to recover from the 737 Max aircraft and COVID slowdowns with expected increases to 80,400 in fiscal year 2024 and 82,800 in fiscal year 2025. Continued gains in software publishing, online shopping, and other technology sectors, in concert with moderating growth in non-tech enterprises, will result in Washington's total non-farm employment posting a net 1.2 percent increase in fiscal year 2024 and 0.2 percent in fiscal year 2025.

Growth in construction jobs will likely soften during the forecast period as the housing and commercial markets adjust to higher interest rates. While demand for new office space was prompted by burgeoning growth in the technology sectors prior to the pandemic, recent trends toward teleworking have had a negative impact on demand for commercial office space. As a result of these factors, building permits declined 29.9 percent in fiscal year 2023. Over the next two fiscal years as interest rates begin to moderate, and as

teleworking policies reach some form of equilibrium, building permits should ease upwards advancing 0.6 percent in fiscal year 2024 and 4.6 percent in fiscal year 2025. As a result, construction employment should grow 1.3 percent in fiscal year 2024 and then decline 1.2 percent in fiscal year 2025.

General Fund-State (GF-S) revenues grew 11.3 percent in fiscal year 2022 and 3.2 percent in fiscal year 2023. GF-S revenues are expected to grow 0.9 percent in fiscal year 2024 and 2.7 percent in fiscal year 2025. The expanding economy, continued hiring, advancing personal income, and a rebound of growth in consumer spending should result in steady state revenue growth.

Major Initiatives

HOUSING/HOMELESSNESS

In recent years, Governor Inslee and the Legislature made unprecedented investments in a wide range of efforts to reduce homelessness and address the state's growing housing shortage. The final 2023–25 operating and capital budgets build on that progress with more than \$1 billion in new investments.

Through April 2023, nearly 700 people who had been living in encampments on state rights of way have transitioned into shelters or housing. That figure is projected to top 900 by the end of June. The final 2023-25 budget includes an additional \$60 million, bringing the total to \$150 million, that will continue to help provide stable, safe housing for people residing in rights of way and other encampments over the next two years.

The budget funds the new Covenant Homeownership Program that will start to address harms caused by Washington's history of racially restrictive housing covenants. The program, supported by a \$100 fee on certain documents recorded with counties, will help hundreds of families from marginalized groups become homeowners over the next two years.

The budget also includes significant funding to maintain existing services, including more than \$100 million to continue providing emergency housing and shelter for about 2,000 individuals.

The capital budget provides nearly \$590 million to increase the state's supply of affordable housing, with a record \$400 million dedicated to the state's Housing Trust Fund. In total, the capital budget will add about 3,850 new housing units over the next two years and another 11,150 units over the next three biennia. The budget will also preserve about 1,000 existing affordable housing units in the 2023-25 biennium.

Additionally, about 12,000 affordable housing units will benefit from reduced connection costs to local water, sewer, and stormwater systems through the Connecting Housing to Infrastructure state grant program.

BEHAVIORAL HEALTH

Over the past five years, the state made significant efforts to transform Washington's behavioral health system. The new operating and capital budgets provide significant investments to continue those efforts. The capital budget includes more than \$600 million that will go toward construction of a new 350-bed forensic hospital on the Western State Hospital campus. Additionally, the operating budget provides funds to enhance staffing and to support initiatives aimed at violence reduction and prevention in our state hospitals. Funding is also included to continue community policing programs near Western and Eastern State hospitals.

The budgets provide additional funding to continue expanding capacity for treating patients in community settings closer to their homes. There is funding for a new civil commitment facility in Stanwood and a 48-bed residential treatment facility in Vancouver. The budget also provides funding for the state to contract for 60 beds to provide behavioral health and stabilization services for misdemeanor and lower-level felony cases from the forensic admission wait list. The budget also includes funding for the Department of Social and Health Services (DSHS) to open or expand five cottages at Maple Lane near Rochester.

The operating budget includes \$81 million to implement phases 2 and 3 of the Trueblood v. DSHS lawsuit settlement agreement. The agreement requires the state to invest in resources for competency evaluation, competency restoration, Forensic Housing and Recovery through Peer Services teams, the Forensic Projects for Assistance in Transition from Homelessness program, crisis diversion and supports, education, and training and workforce development. The purpose is to more quickly evaluate people's competency to stand trial or prepare them for trial.

The budget provides funding for additional forensic navigators, clinical intervention specialists, siting work, court monitors, and medication reimbursement. It also funds a new pilot program on diversion services. These services will facilitate better mental health access for individuals in need.

The budget emphasizes key investments to aid the state's mental health workforce, which faces a soaring demand for services. This includes more than \$182 million in state funds for a variety of rate increases for community partners providing behavioral health services.

The budget has \$81 million to increase opioid treatment and prevention services. There are investments in the statewide behavioral health crisis response (988) system, including mobile crisis response teams and community-based crisis teams. New funding is provided to operate seven crisis stabilization facilities, with 93 beds coming online over the next two years.

The budget includes funding to phase in the Children's Long-term Inpatient Program (CLIP) slots up to 72 beds by June 2024. There is also a rate increase for CLIP bed providers.

LAW ENFORCEMENT

The operating and capital budgets include a combined \$17 million to build and staff three new regional criminal justice training academies. These academies will enable local law enforcement agencies to expedite the training of new recruits in locations closer to their communities. The funding will also enable the state to train 180 more recruits each year and reduce training wait times.

CLIMATE IMPLEMENTATION AND FUNDING

The state of Washington continues to prioritize environmental efforts. In recent years, the governor and legislators have passed historic, nation-leading policies related to clean energy, clean transportation, clean buildings, and a cap on climate pollution. The state launched a new cap-and-invest program earlier this year, and invests more than \$2.1 billion in the 2023-25 biennium for a range of climate-related investments including charging infrastructure, electric ferries and trucks, community-driven grants to improve air quality in overburdened communities, and assistance for lower-income households to transition to heat pumps.

Overburdened communities, which typically have significantly worse air quality and are impacted more by environmental challenges, such as wildfire smoke and flooding, will receive a total of \$140 million in aid. This includes \$25 million to improve air quality, \$10 million to support the health and safety of workers impacted by climate change, and nearly \$39 million to help five overburdened communities develop and invest in priority actions to mitigate disproportionate impacts of climate change.

Clean energy development was enhanced with \$135 million, and \$68 million was allocated to accelerate siting of clean energy production and transmission projects needed for the state to meet its carbon emission reduction goals.

Building upon the Move Ahead Washington package, the state allocated \$967 million from the Climate Commitment Act funding to clean transportation projects. This includes \$406 million for transit projects and grants, \$157 million for active transportation projects, \$74 million to convert two existing ferries to hybrid

electric and electrify terminals, and \$120 million for incentives to convert medium and heavy-duty trucks and school buses to electric.

A total of \$549.8 million was provided to reduce emissions from buildings, including \$286 million in state and federal funds to help low-income households weatherize and electrify their homes through the Home Efficiency Rebate Program and to reduce their energy costs.

Finally, \$699 million was invested to improve climate resiliency, including \$83 million to boost carbon sequestration on state trust lands, \$50 million for tribal climate adaptation grants, \$41 million to incorporate climate goals in local land-use planning, and \$30 million for grants to farmers for anaerobic digesters and other practices that reduce greenhouse gas emissions.

SALMON

Salmon play a vital role in our state's ecosystem and economy. The state invests \$808 million in the 2023-25 operating, capital, and transportation budgets to implement the state's salmon recovery strategy, supporting habitat restoration and other recovery efforts. A central focus of this strategy is the protection and restoration of riparian areas, the green zones bordering rivers and streams. To this end, the state has allocated \$50 million in new grant funding specifically for these areas, as well as \$2 million for outreach and education to landowners on the importance of riparian protection.

Additionally, the state appropriated \$270 million for broader salmon restoration projects and fish passage barrier correction grants, as well as \$44 million in state and federal funding for the Duckabush estuary restoration project.

EDUCATION

Overall spending for K-12 education will increase in the 2023-25 biennium by \$2.9 billion, the largest investment since the McCleary court decision. Besides boosting K-12 education salaries, the budget adds \$365 million in new spending for special education and continues funding for additional nurses, counselors, and social workers in schools. The budget also includes funding to expand access to free meals for thousands more students.

EARLY LEARNING

The budget includes nearly \$80 million to continue the efforts to improve and expand the state's Early Childhood Education and Assistance Program (ECEAP), with the goal of providing high quality early learning opportunities for more children across the state. To support this goal, the budget addresses rate increases for ECEAP providers. Increases include 18 percent for school day (6-hour) slots, 9 percent for working day (10-hour) slots, and 7 percent for part-day (3-hour) slots. These adjustments are intentionally directed toward the preschool slots most in demand by families. Additionally, the budget introduces 1,000 school day slots over the forthcoming two years, which will help build the capacity needed to meet the state's ECEAP entitlement in the 2026-27 school year.

ADDRESSING WORKFORCE CHALLENGES

Like many public and private employers here and across the country, Washington state agencies have faced growing difficulties in recruiting and retaining workers. These workforce challenges, in turn, influenced the state's ongoing efforts to ensure public and employee safety and to provide vital services.

The 2023–25 budget funds new collective bargaining agreements that will provide most state employees with a 4 percent general wage increase on July 1, 2023, and a 3 percent increase on July 1, 2024. Many state employees will also receive a “recognition and retention” lump sum payment. They can also earn a \$1,000

incentive by providing verification of their up-to-date status on COVID-19 vaccinations, which includes any CDC-recommended boosters at the time of verification.

Moreover, the budget includes additional increases designed to address recruitment and retention challenges. These include targeted increases for hard-to-fill positions across state government, premium pay for nurses and employees assigned to facilities that provide direct care to residents or patients, and increases to shift premiums for employees who work hard-to-fill shifts.

The budget also funds new agreements — reached through interest arbitration — with unions representing some state prison workers. These agreements advocate for more substantial general wage raises and other specialized increments.

State ferry workers will also see larger general wage increases under the new budget, with raises of 4 percent or greater for each of the next two years.

Lastly, this budget funds new labor agreements with unions representing more than 6,500 publicly-funded, nonstate employee groups. It includes rate increases for adult family home providers and family childcare providers, as well as compensation increases for language access providers who support state Medicaid and social service beneficiaries.

RESULTS WASHINGTON

Founded in 2013 within the Office of the Governor, Results Washington integrates performance management, continuous improvement, and cross-agency collaboration to achieve key goals and improve government effectiveness. Results Washington is a collaborative partner championing the best results for the great state of Washington. Results Washington supports the governor's five goals to achieve world-class education; a prosperous economy; sustainable energy and a clean environment; healthy and safe communities; and efficient, effective, and accountable government.

Key activities of fiscal year 2023:

- In October 2022, Results Washington hosted the 11th Annual Lean Transformation Conference virtually, which provided free continuous improvement-focused learning opportunities to over 4,300 participants, comprised primarily of state government employees. The conference also welcomed participants from across the country.
- Hosted Governor Inslee's Public Performance Reviews. This year, the focus was intentionally widened to address inequities that exist in state government by engaging with agencies who work closely with communities that are impacted by state policies.

More information is available at: [Results Washington](#).

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of Washington for its ACFR for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

State of Washington

A Certificate of Achievement is valid for a period of one year only. Washington state has received a Certificate of Achievement for the past 36 consecutive years. The Office of Financial Management considers this report to be in conformity with the Certificate of Achievement Program requirements, and will submit it to the GFOA.

The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of each state agency. This ACFR reflects the Governor's commitment to the Legislature, the citizens of Washington state, and the financial community to maintain financial statements in conformance with the highest standards of financial accountability.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Schumacher", with a long horizontal flourish extending to the right.

David Schumacher
Director

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Washington

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



Statewide Elected Officials

As of June 30, 2023



Governor
Jay Inslee



Lieutenant Governor
Denny Heck



Secretary of State
Steve Hobbs



Treasurer
Mike Pellicciotti



State Auditor
Pat McCarthy



Attorney General
Bob Ferguson



**Superintendent of
Public Instruction**
Chris Reykdal



**Commissioner of
Public Lands**
Hilary Franz



**Insurance
Commissioner**
Mike Kreidler



2023 Organization Chart Washington State Government

Legislative Branch		Executive Branch			Judicial Branch	
Senate and House of Representatives					Supreme Court	
Joint Legislative Audit & Review Committee	Legislative Evaluation & Accountability Program (LEAP) Committee			Administrative Office of the Courts	Law Library	
Joint Legislative Systems Committee	Office of the State Actuary			Office of Civil Legal Aid	Municipal Courts	
Joint Transportation Committee	Redistricting Commission (<i>activated decennially</i>)			Court of Appeals	Office of Public Defense	
Legislative Ethics Board	Statute Law Committee (<i>Code Reviser's Office</i>)			Commission on Judicial Conduct	District and Superior Courts	
Office of Legislative Support Services						
Office of Legislative Labor Relations						

Commissioner of Public Lands	Insurance Commissioner	Treasurer	Lieutenant Governor	Governor	Attorney General	Superintendent of Public Instruction	Auditor	Secretary of State
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Dept. of Natural Resources
- Board of Natural Resources

Public Deposit Protection Commission
State Finance Committee

See offices below

Executive Ethics Board

State Library

Environment and Natural Resources	General Government	Transportation	Health and Human Services	Education	Community and Economic Development
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Agencies led by Governor-appointed executives

Department of Agriculture <i>(commodity commissions)</i>	Board of Accountancy	Dept. of Licensing <i>(occupational regulatory boards)</i>	Dept. of Children, Youth and Families	Center for Deaf and Hard of Hearing Youth	Commission on African-American Affairs
Department of Ecology	Office of Administrative Hearings	Washington State Patrol	Department of Corrections <i>- Indeterminate Sentence Review Board</i>	School for the Blind	Arts Commission
Pollution Liability Insurance Agency	Consolidated Technology Services (WaTech) <i>- Chief Information Officer, Office of the Technology Services Board</i> <i>- Cybersecurity, Office of</i>	Traffic Safety Commission	Employment Security Dept. <i>- Governor's Committee on Disability Issues & Employment</i>	Workforce Training and Education Coordinating Board	Commission on Asian Pacific American Affairs
Puget Sound Partnership	Department of Enterprise Services <i>- Building Code Council</i>	Dept. of Transportation	Department of Health <i>(occupational regulatory boards)</i> <i>- Board of Health</i> <i>- Environmental Justice Council</i>		Department of Commerce <i>- Community Economic Revitalization Board</i> <i>- Developmental Disabilities Council</i> <i>- Public Works Board</i> <i>- Broadband Office</i>
Recreation and Conservation Office	Department of Financial Institutions		Health Care Authority <i>- Public Employees Benefits Bd.</i> <i>- School Employees Benefits Bd.</i>		Commission on Hispanic Affairs
	Office of Financial Management <i>- Personnel Resources Board</i> <i>- Sentencing Guidelines Commission</i> <i>- Serve Washington</i>		Dept. of Labor and Industries		Office of Minority & Women's Business Enterprises
	Office of the Governor <i>- Corrections Ombuds, Office of</i> <i>- Education Ombuds, Office of</i> <i>- Equity Office</i> <i>- Family & Children's Ombuds, Office of</i> <i>- Independent Investigations, Office of</i> <i>- LGBTQ Commission</i> <i>- Regulatory Innovation & Assistance, Ofc. for</i> <i>- Results Washington</i> <i>- Women's Commission</i>		Dept. of Services for the Blind		
	Governor's Office of Indian Affairs		Dept. of Social and Health Services		
	State Lottery		Dept. of Veterans Affairs		
	Military Department				
	Department of Retirement Systems				
	Department of Revenue				

Agencies under authority of a board, council, or commission

Columbia River Gorge Commission	Caseload Forecast Council	County Road Administration Board	Criminal Justice Training Commission	Charter School Commission	Economic Development Finance Authority
Conservation Commission	Citizens' Commission on Salaries for Elected Officials	Freight Mobility Strategic Investment Board	Health Care Facilities Authority	Board of Education	Housing Finance Commission
Environmental and Land Use Hearings Office <i>- Growth Management Hearings Board</i> <i>- Pollution Control Hearings Board</i> <i>- Shorelines Hearings Board</i>	Economic & Revenue Forecast Council	Board of Pilotage Commissioners	Human Rights Commission	Professional Educator Standards Board	
Dept. of Fish and Wildlife <i>- Fish and Wildlife Commission</i>	Forensic Investigations Council	Transportation Improvement Board	Board of Industrial Insurance Appeals	State Board for Community and Technical Colleges <i>- Boards of trustees for 34 community/technical colleges</i>	
Parks and Recreation Commission	Gambling Commission	Transportation Commission	Tobacco Settlement Authority	Governing boards of higher education institutions: <i>- Central Washington University</i> <i>- Eastern Washington University</i> <i>- The Evergreen State College</i> <i>- University of Washington</i> <i>- Washington State University</i> <i>- Western Washington University</i>	
Washington Materials Management and Financing Authority	Horse Racing Commission			Washington Student Achievement Council	
Energy Facility Site Evaluation Council	Investment Board			Higher Education Facilities Authority	PREPARED BY OFFICE OF FINANCIAL MANAGEMENT JULY 2023
	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board			Eastern Washington State Historical Society	
	Liquor and Cannabis Board			Wash. State Historical Society	
	Public Disclosure Commission			Wash. State Leadership Council	
	Public Employment Relations Commission				
	Board of Registration for Professional Engineers & Land Surveyors				
	Tax Appeals, Board of				
	Utilities and Transportation Commission				
	Board for Volunteer Firefighters and Reserve Officers				

FINANCIAL SECTION

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**Office of the Washington State Auditor
Pat McCarthy**

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
FINANCIAL STATEMENTS**

The Honorable Jay Inslee
State of Washington
Olympia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Washington as of and for the year then ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Washington, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Department of Retirement Systems, Local Government Investment Pool, University of Washington, or the fund managed by the State Investment Board. Those financial statements represent part or all the total assets, net position, and revenues or additions of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information as follows:

Opinion Unit	Percent of Total Asset	Percent of Net Position	Percent of Total Revenues/ Addition
Governmental Activitie	12.6%	19.4%	6.9%
Business-Type Activitie	73.0%	100.0%	27.6%
Higher Education Special Revenue	49.7%	46.8%	47.7%
Higher Education Endowment F	97.2%	96.9%	82.9%
Higher Education Student Services	68.7%	100.0%	90.4%
Workers' Compensation Fu	96.0%	97.0%	16.3%
Aggregate Discretely Presented	97%	93%	62%

Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities and funds listed above, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters of Emphasis

As explained in Note 1.D.1, the financial statements include pension trust fund investments valued at \$90.72 billion, which comprise 38.0 percent of the total assets and 43.9 percent of the net position of the aggregate discretely component units and remaining fund information. The fair values of those investments have been estimated by management in the absence of readily determinable fair values. Management's estimates are based upon information provided by the fund managers or, in the case of investments in partnerships, the general partners. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2023, the State adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations*, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, No. 96 *Subscription-Based Information Technology Arrangements*, and No. 99 *Omnibus 2022*. Our opinion is not modified with respect to this matter.

As discussed in Note 20.C to the financial statement, in October 2023, the State submitted requests to the United States Department of Labor to issue blanket authority to waive \$473.3

million of overpayments for CARES Act unemployment compensation programs. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- a. Exercise professional judgment and maintain professional skepticism throughout the audit;
- b. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- c. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, no such opinion is expressed;
- d. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;

- e. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for a reasonable period of time; and
- f. Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The Combining Financial Statements and Individual Fund Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The other information comprises Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated December 7, 2023, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor
Olympia, WA
December 7, 2023

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MD&A
Management's Discussion and Analysis

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MD&A

Management's Discussion & Analysis

As managers of the state of Washington, we offer this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2023. We present this information in conjunction with the information included in our letter of transmittal, which can be found preceding this narrative, and with the state's financial statements, which follow. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Total assets and deferred outflows of the state of Washington exceeded its liabilities and deferred inflows by \$37.25 billion (reported as net position). Of this amount, \$(10.59) billion was reported as "unrestricted net position." A negative balance indicates that no funds were available for discretionary purposes.
- The state of Washington's governmental funds reported a combined ending fund balance of \$32.74 billion, an increase of 11.3 percent compared with the prior year.
- The state's capital assets increased by \$1.73 billion, total bond debt increased by \$140.0 million, and the state's net investment in capital assets is \$26.95 billion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the state of Washington's basic financial statements, which include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The focus is on both the state as a whole (government-wide) and the major individual funds. The dual perspectives allow the reader to address relevant questions, broaden the basis for comparison (year-to-year or government-to-government), and enhance the state's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the state of Washington's finances, in a manner similar to a private sector business.

Statement of Net Position. The Statement of Net Position presents information on all of the state of Washington's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the state of Washington is improving or deteriorating.

Statement of Activities. The Statement of Activities presents information showing how the state's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The Statement of Activities is focused on both the gross and net cost of various activities (including governmental, business-type, and component unit). This is intended to summarize and simplify the reader's analysis of the revenues and costs of various state activities and the degree to which activities are subsidized by general revenues.

Both of these government-wide financial statements distinguish functions of the state of Washington that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the state of Washington include education, human services, transportation, natural resources, adult corrections, and general government.

The business-type activities of the state of Washington include the workers' compensation, unemployment compensation, and health insurance programs, and various higher education student services such as housing and dining.

FUND FINANCIAL STATEMENTS

A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. The state of Washington, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the state can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on fund balances at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for three major funds and an aggregate total for all nonmajor funds. The state's major governmental funds are the General Fund, Higher Education Special Revenue Fund, and the Higher Education Endowment and Other Permanent Funds. Individual fund data for the state's nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary Funds. The state of Washington maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds represent an accounting device used to accumulate and allocate costs internally among the state of Washington's various functions. The state of Washington uses internal service funds to account for general services such as motor pool, data processing services, and risk management. Because internal service funds predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but in greater detail. The proprietary fund financial statements provide separate information for the

Workers' Compensation Fund, Unemployment Compensation Fund, Higher Education Student Services Fund, and the Health Insurance Fund, which are considered to be major funds, as well as an aggregated total for all nonmajor enterprise funds.

The internal service funds are combined for presentation purposes. Individual fund data for the state's nonmajor proprietary funds are provided in the form of combining statements elsewhere in this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the state of Washington's own programs. Washington's fiduciary funds also include state administered pension plans. The accounting used for fiduciary funds is much like that used for proprietary funds. Individual fund data for the state's fiduciary funds are provided in the form of combining statements elsewhere in this report.

Component Units. Component units that are legally separate from the state and primarily serve or benefit those outside the state are discretely presented. They are either financially accountable to the state or have relationships with the state such that exclusion would cause the state's financial statements to be misleading or incomplete. The state discretely reports three major component units: the Valley Medical Center, the Fred Hutchinson Cancer Center, and the Health Benefit Exchange, as well as five nonmajor component units.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION

This report also presents required supplementary information on budgetary comparisons, pension plans and other postemployment benefits information, and infrastructure assets reported using the modified approach.

The combining statements referred to earlier are presented immediately following the required supplementary information.

State of Washington

STATE OF WASHINGTON Statement of Net Position (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	\$ 51,409	\$ 53,892	\$ 31,206	\$ 30,022	\$ 82,615	\$ 83,914
Capital assets	47,517	45,727	3,609	3,672	51,126	49,399
Total assets	<u>98,926</u>	<u>99,619</u>	<u>34,815</u>	<u>33,694</u>	<u>133,741</u>	<u>133,313</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>3,666</u>	<u>2,079</u>	<u>672</u>	<u>447</u>	<u>4,338</u>	<u>2,526</u>
LIABILITIES						
Current and other liabilities	8,604	10,363	2,219	1,983	10,823	12,346
Long-term liabilities outstanding	37,057	37,829	45,492	44,678	82,549	82,507
Total liabilities	<u>45,661</u>	<u>48,192</u>	<u>47,711</u>	<u>46,661</u>	<u>93,372</u>	<u>94,853</u>
DEFERRED INFLOWS OF RESOURCES	<u>6,516</u>	<u>9,204</u>	<u>941</u>	<u>1,244</u>	<u>7,457</u>	<u>10,448</u>
NET POSITION						
Net investment in capital assets	26,190	24,818	761	884	26,951	25,702
Restricted	16,535	14,186	4,351	3,671	20,886	17,857
Unrestricted	7,690	5,298	(18,277)	(18,319)	(10,587)	(13,021)
Total net position	<u>\$ 50,415</u>	<u>\$ 44,302</u>	<u>\$ (13,165)</u>	<u>\$ (13,764)</u>	<u>\$ 37,250</u>	<u>\$ 30,538</u>

Note: The 2022 amounts presented here have not been restated for prior period adjustments. Complete information necessary to fully restate the 2022 amounts was not available. Refer to Note 2 Accounting and Reporting Changes.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the state of Washington, total assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$37.25 billion at June 30, 2023, as compared to \$30.54 billion as reported at June 30, 2022.

The largest portion of the state's net position (72.4 percent for fiscal year 2023 as compared to 84.2 percent for fiscal year 2022) reflects its net investment in capital assets (e.g., land, buildings, equipment, and intangible assets) less any related debt used to acquire those assets that is still outstanding. The state of Washington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the state of Washington's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the state of Washington's net position (56.1 percent for fiscal year 2023 as compared to 58.5 percent for fiscal year 2022) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(10.59) billion represents unrestricted net position. The state's overall negative balance in unrestricted net position is due to deficits in business-type activities.

In governmental activities, net position increased from \$44.30 billion in fiscal year 2022 to \$50.42 billion in fiscal year 2023. The increase reflects increases in tax revenues and charges for services that outpaced the increases in expenses.

In business-type activities, the deficit is caused by claims expense continuing to outpace associated premiums in the workers' compensation program that provides time-loss, medical, disability, and pension payments to qualifying individuals who sustain work-related injuries or develop occupational diseases as a result of their required work activities. The main benefit plans of the workers' compensation program are funded on rates that will keep the plans solvent in accordance with recognized actuarial principles. The supplemental pension cost-of-living adjustments (COLAs) granted for time-loss and disability payments, however, are funded on a pay-as-you-go basis.

State of Washington

By statute, the state is only allowed to collect enough revenue to fund the current COLA payments.

support for governmental activities comes from taxes and intergovernmental grants, while business-type activities are supported primarily through user charges.

As previously mentioned, the state's activities are divided between governmental and business-type. The majority of

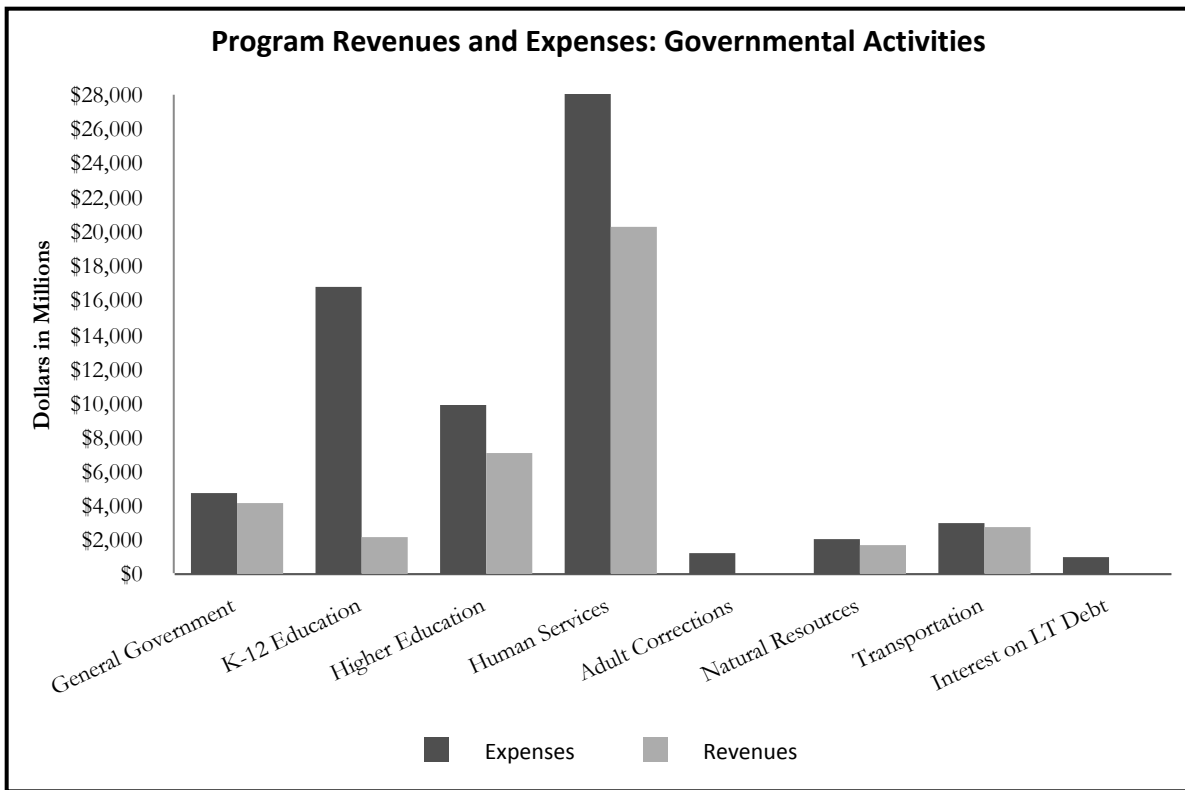
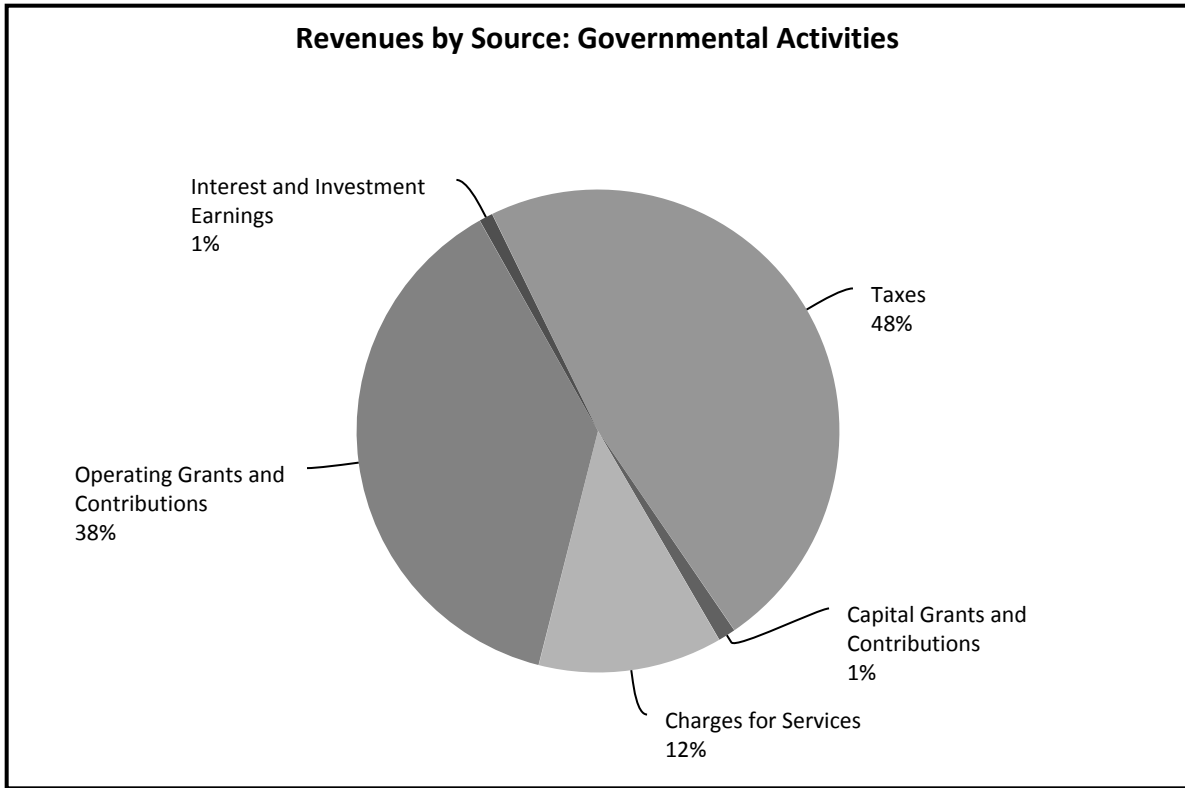
STATE OF WASHINGTON						
Changes in Net Position						
<i>(in millions of dollars)</i>						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	\$ 9,268	\$ 7,438	\$ 15,791	\$ 13,623	\$ 25,059	\$ 21,061
Operating grants and contributions	28,465	28,848	46	1,480	28,511	30,328
Capital grants and contributions	891	726	1	—	892	726
General revenues:						
Taxes	35,811	33,991	15	14	35,826	34,005
Interest and investment earnings (loss)	693	(738)	770	(2,712)	1,463	(3,450)
Total revenues	75,128	70,265	16,623	12,405	91,751	82,670
EXPENSES						
General government	(4,848)	(3,403)	—	—	(4,848)	(3,403)
Education - K-12	(16,868)	(16,407)	—	—	(16,868)	(16,407)
Education - Higher education	(9,957)	(8,722)	—	—	(9,957)	(8,722)
Human services	(30,293)	(27,479)	—	—	(30,293)	(27,479)
Adult corrections	(1,304)	(1,177)	—	—	(1,304)	(1,177)
Natural resources and recreation	(2,076)	(1,536)	—	—	(2,076)	(1,536)
Transportation	(3,022)	(2,483)	—	—	(3,022)	(2,483)
Interest on long-term debt	(1,107)	(1,090)	—	—	(1,107)	(1,090)
Workers' compensation	—	—	(4,039)	(6,955)	(4,039)	(6,955)
Unemployment compensation	—	—	(1,208)	(2,433)	(1,208)	(2,433)
Higher education student services	—	—	(4,154)	(3,388)	(4,154)	(3,388)
Health insurance	—	—	(3,855)	(3,726)	(3,855)	(3,726)
Other business-type activities	—	—	(2,703)	(2,120)	(2,703)	(2,120)
Total expenses	(69,475)	(62,297)	(15,959)	(18,622)	(85,434)	(80,919)
Excess (deficiency) of revenues over expenses before contributions						
to endowments and transfers	5,653	7,968	664	(6,217)	6,317	1,751
Contributions to endowments	138	97	—	—	138	97
Transfers	1	(252)	(1)	252	—	—
Increase (decrease) in net position	5,792	7,813	663	(5,965)	6,455	1,848
Net position - July 1, as restated	44,623	36,489	(13,828)	(7,799)	30,795	28,690
Net position - June 30	\$ 50,415	\$ 44,302	\$ (13,165)	\$ (13,764)	\$ 37,250	\$ 30,538

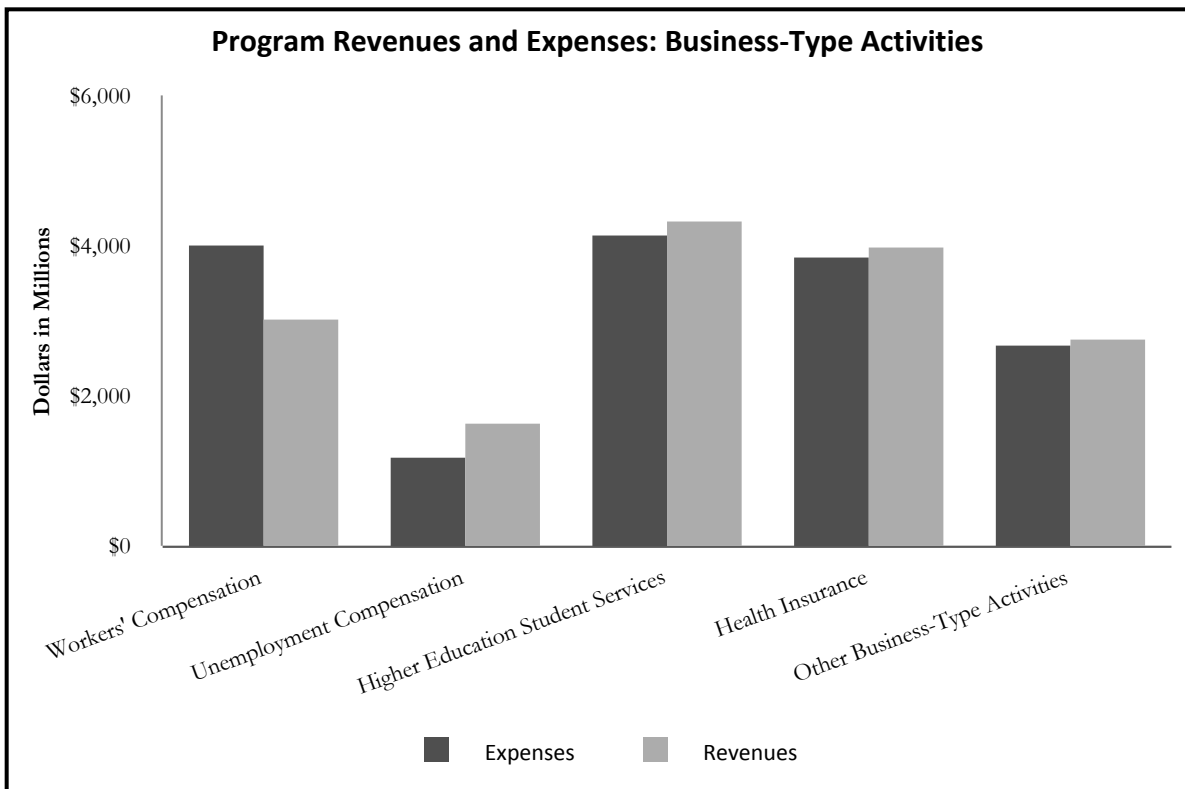
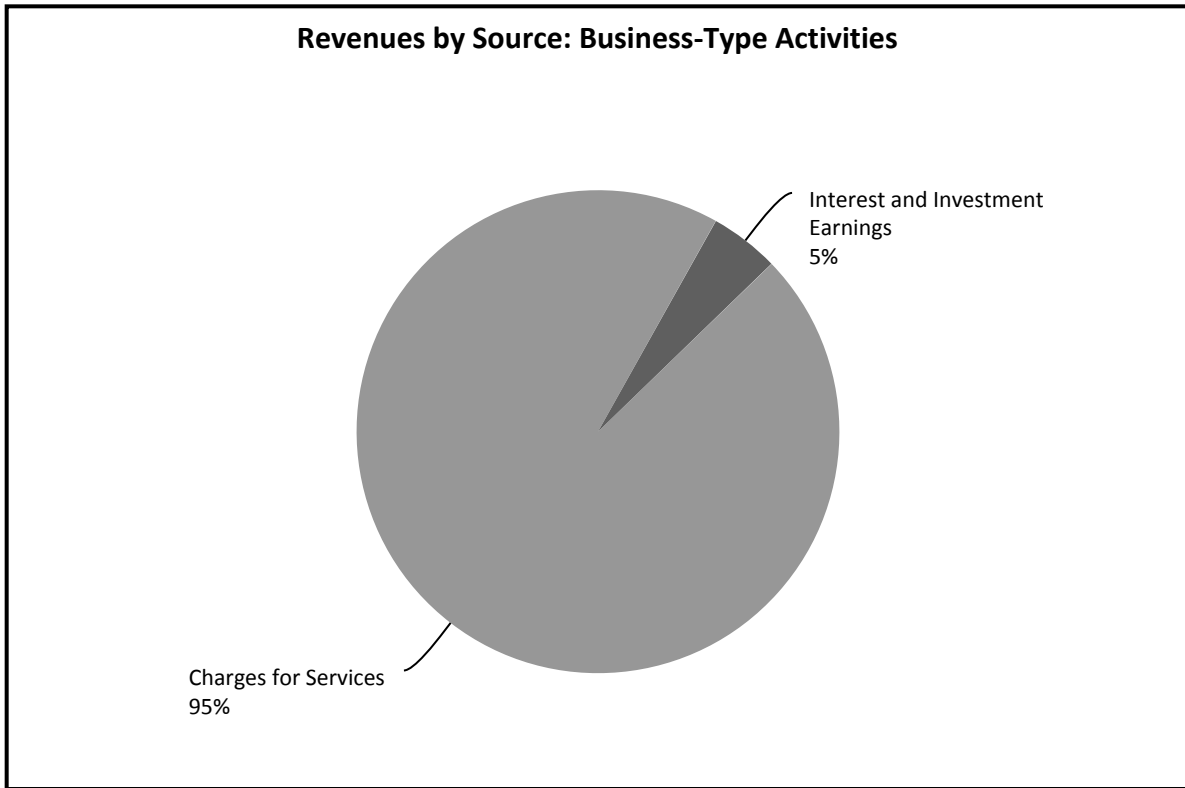
Governmental Activities. Governmental activities resulted in an increase in the state of Washington's net position of \$5.79 billion. Key factors contributing to operating results of governmental activities are:

- Tax revenues increased by \$1.82 billion in fiscal year 2023 as compared to fiscal year 2022 reflecting increases in sales tax and business and occupation tax, showing that spending is still strong in the state. Sales and use tax, which are the main tax revenue for governmental activities, reported an increase of \$779.1 million. Business and occupation tax increased by \$504.5 million. Property tax revenue increased by \$115.4 million as property values continue to rise. Revenue from real estate excise taxes, levied on the sale of real estate, decreased by \$258.0 million reflecting the slowdown in housing sales.
- Operating grants and contributions decreased by \$383.4 million in fiscal year 2023 compared with fiscal year 2022. The decrease reflects the continuing slowdown of federal stimulus funds received in response to COVID-19. As of June 30, 2023, \$1.01 billion in federal stimulus funds received from the U.S. Department of the Treasury remained unspent and is classified as unearned revenue.
- Expenses grew by \$7.18 billion in fiscal year 2023 as compared to fiscal year 2022. The largest increases were in human services of \$2.81 billion, higher education of \$1.23 billion, and general government of \$1.45 billion in fiscal year 2023 as compared to fiscal year 2022. This reflects the state's need to help provide funding for higher education and its ongoing commitment to provide additional funding in human services.

Business-Type Activities. Business-type activities increased the state of Washington's net position by \$663.6 million. Key factors contributing to the operating results of business-type activities are:

- The workers' compensation activity decrease in net position in fiscal year 2023 was \$397.3 million compared to a decrease of \$6.71 billion in fiscal year 2022. Premiums and assessments revenue increased \$215.1 million in fiscal year 2023 as compared with fiscal year 2022 as a result of the increase in reported hours and premium increases in both the accident and medical aid accounts. Claim costs decreased by \$3.00 billion in fiscal year 2023 as compared with fiscal year 2022. Investment income increased by \$3.17 billion as compared to fiscal year 2022. The workers' compensation portfolio is 80.1 percent debt securities.
- The unemployment compensation activity reported an operating gain in fiscal year 2023 of \$454.6 million compared to an operating gain of \$655.1 million in fiscal year 2022. Premiums and assessments revenue increased \$17.7 million in fiscal year 2023 as compared with fiscal year 2022 as unemployment rates remained about the same. Unemployment insurance benefits decreased by \$1.25 billion in fiscal year 2023 compared to fiscal year 2022 due in large part to the ending of the extended federal unemployment benefits available during the COVID-19 emergency. The unemployment rate for the state for June 2023 was 3.8 percent, a modest decrease from the 3.9 percent unemployment rate for June 2022.
- The higher education student services activity reported relatively proportional increases in both operating revenues and expenses when compared to the prior year.
- The health insurance activity increase in net position in fiscal year 2023 was \$156.4 million compared to a decrease of \$284.5 million in fiscal year 2022. Health insurance premiums collected increased by \$544.2 million in fiscal year 2023 as compared with fiscal year 2022. Claim costs increased by \$127.0 million in fiscal year 2023 as compared with fiscal year 2022. Rates are created by actuarial analysis and adjusted annually to maintain a positive fund balance.





Financial Analysis of the State's Funds

As noted earlier, the state of Washington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. As previously discussed, the focus of the state of Washington's governmental funds is to provide information on near-term inflows, outflows, and fund balances. Such information is useful in assessing the state of Washington's financing requirements.

Fund Balances. At June 30, 2023, the state's governmental funds reported combined ending fund balances of \$32.74 billion. Of this amount, \$3.64 billion or 11.1 percent is nonspendable, either due to its form or legal constraints; and \$7.64 billion or 23.3 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An

additional \$15.35 billion or 46.9 percent of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional \$1.97 billion or 6.0 percent of total fund balance has been assigned to specific purposes by management. The unassigned portion of the governmental fund balance is \$4.15 billion or 12.7 percent of total fund balance and can be used at the state's discretion.

The General Fund is the chief operating fund of the state of Washington. The fund balance increased by \$884.4 million in fiscal year 2023 as compared to a \$2.20 billion increase in fiscal year 2022. Revenues have continued to stay ahead of increased spending. Assigned fund balance of \$1.86 billion is reported for fiscal year 2023 and relates to certain accrued and non-cash revenues which are not considered by management to be available for budgetary purposes.

STATE OF WASHINGTON			
General Fund			
<i>(in millions of dollars)</i>			
	Fiscal Year		Difference Increase (Decrease) 2023 - 2022
	2023	2022	
REVENUES			
Taxes	\$ 30,138	\$ 29,534	\$ 604
Federal grants	23,529	23,392	137
Investment revenue (loss)	173	(217)	390
Other	1,155	974	181
Total	54,995	53,683	1,312
EXPENDITURES			
Human services	30,563	27,614	2,949
Education	17,452	17,457	(5)
Other	4,484	3,220	1,264
Total	52,499	48,291	4,208
Net transfers in (out)	(1,915)	(3,387)	1,472
Other financing sources	303	190	113
Net increase (decrease) in fund balance	\$ 884	\$ 2,195	\$ (1,311)

General Fund expenditures continue to be concentrated in services and programs most vital to citizens – primarily human services and public education.

In addition to the General Fund, the state reports the Higher Education Special Revenue and the Higher Education Endowment and Other Permanent Funds as major governmental funds. Significant changes in these funds are as follows:

- The change in fund balance of the Higher Education Special Revenue Fund in fiscal year 2023 was an increase of \$556.4 million compared to an increase of \$1.01 billion in fiscal year 2022. The decrease in the change in fund balance can be attributed to a number of factors. While federal grants decreased by \$313.4 million compared to fiscal year 2022, there was an overall increase in revenue of \$1.11 billion driven mainly by increased tax revenue. The increase was offset by an increases in expenditures of \$1.57 billion

as compared to fiscal year 2022, primarily due to increases in grants and staff salary benefits.

- The fund balance for the Higher Education Endowment and Other Permanent Funds increased by \$211.5 million in fiscal year 2023 compared to a decrease of \$486.5 million in fiscal year 2022. The increase is a result of positive growth in investment earnings in fiscal year 2023.

Proprietary Funds. The state of Washington's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Significant changes reported in fiscal year 2023 are as follows:

- The Workers' Compensation Fund reported a decrease in net position of \$397.3 million in fiscal year 2023. Operating revenues increased by \$226.0 million due to an increase in reported hours and an increase in premium rates. Operating expenses decreased by \$2.92 billion as compared to fiscal year 2022 due to a significant decrease in claims expense. As previously stated, premiums and assessments revenue increased \$215.1 million in fiscal year 2023 as compared with fiscal year 2022. Claim costs decreased by \$3.00 billion in fiscal year 2023 over fiscal year 2022. In addition, investment income increased \$3.17 billion as compared to fiscal year 2022.
- Washington's Unemployment Compensation Fund reported an increase in net position of \$509.3 million. While unemployment benefit claims expense decreased by \$1.25 billion in fiscal year 2023 as compared to fiscal year 2022, unemployment premiums and assessments increased by \$17.7 million and federal aid decreased by \$1.44 billion in fiscal year 2023 as compared to 2022. As previously stated, unemployment insurance benefits and federal aid continued to decrease as unemployment rates return to normal and the federal extended COVID-19 benefit program ends.
- The Higher Education Student Services Fund reported consistent activity when compared to the prior year.
- The Health Insurance Fund reported an increase in net position of \$440.8 million in fiscal year 2023 as compared to fiscal year 2022. Operating revenues increased by \$551.8 million and operating expenses increased by \$132.7 million as compared to fiscal year 2022.

General Fund Budgetary Highlights

Differences between the original budget of the General Fund and the final amended budget reflect increases in mandatory costs driven by rising caseloads and school enrollment as well as other high priority needs. Changes to estimates are summarized as follows:

- Estimated biennial resources increased by \$17.58 billion over the course of the fiscal year. The major increases in estimated resources were additional federal grants-in-aid and transfers from other funds.
- Appropriated expenditure authority increased by \$21.37 billion over the course of the fiscal year to address increases in the state's human services, education, and general wage increases for state staff.

The state did not overspend its legal spending authority for the 2021-2023 biennium. Actual General Fund revenues and expenditures were 86.9 and 85.4 percent of final budgeted resources and appropriations, respectively, for the 2021-2023 biennium.

Capital Assets, Infrastructure, and Bond Debt Administration

Capital Assets. The state of Washington's investment in capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$51.13 billion (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, museum and historical collections, buildings and other improvements, furnishings, equipment, intangible assets, and lease and subscription assets, as well as construction in progress.

Washington's fiscal year 2023 investment in capital assets, net of current year depreciation, increased \$1.49 billion over fiscal year 2022, including increases to the state's transportation infrastructure of \$793.3 million. The state's construction in progress includes both new construction and major improvements to state capital facilities and infrastructure. Remaining commitments on these construction projects total \$7.17 billion.

Additional information on the state of Washington's capital assets can be found in Note 6.

Infrastructure. The state of Washington uses the modified approach for reporting selected infrastructure assets. The modified approach requires that the state meet certain requirements regarding the inventory and maintenance of eligible capital assets, including condition

State of Washington

assessments. Under the modified approach, assets are not depreciated and certain maintenance and preservation costs associated with those assets are expensed. In fiscal year 2023, assets accounted for under this approach include approximately 20,925 pavement lane miles, 4,126

bridges and tunnels, and 47 highway safety rest areas. The total count of bridges includes vehicular bridges of all lengths and pedestrian bridges. Infrastructure asset categories are assessed predominantly on a two-year cycle, either on a calendar year or fiscal year basis.

STATE OF WASHINGTON Capital Assets - Net of Depreciation (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022*	2023	2022*
Land	\$ 3,079	\$ 3,058	\$ 75	\$ 75	\$ 3,154	\$ 3,133
Transportation infrastructure and other assets not depreciated	28,021	27,224	5	5	28,026	27,229
Buildings	9,204	8,901	2,638	2,820	11,842	11,721
Furnishings, equipment, and intangible assets	2,116	2,075	304	195	2,420	2,270
Other improvements and infrastructure	1,305	1,351	102	101	1,407	1,452
Construction in progress	2,199	1,830	175	234	2,374	2,064
Lease and subscription assets	1,593	1,502	310	269	1,903	1,771
Total	\$ 47,517	\$ 45,941	\$ 3,609	\$ 3,699	\$ 51,126	\$ 49,640

*Prior year balances restated for comparability

The state of Washington's goal is to maintain 85 percent of pavements and 90 percent of bridges at a condition level of fair or better. The condition of these assets, along with the rating scales, and additional detail comparing planned to actual preservation and maintenance spending are available in the required supplementary information.

In 2018, the Washington State Department of Transportation (WSDOT) updated its Capital Assets - Infrastructure Policy to report the average of the three most recent assessment periods, as opposed to just the most recent period.

The most recent pavements condition assessment indicates that 92.5 percent of pavements were in fair or better condition. The condition of pavements has remained steady in the last three assessment periods, averaging 93.3 percent in fair or better condition. For fiscal year 2023, actual maintenance and preservation expenditures were 9.5 percent higher than planned. Over the past five fiscal years, the actual expenditures for maintaining and preserving pavements were 11.1 percent lower than planned.

The most recent condition assessment of bridges over 20 feet in length indicates that 92.6 percent of bridges were in good or fair condition. The condition of bridges has remained steady over the last three assessment periods, averaging 93.4 percent in good or fair condition. For fiscal year 2023, the actual maintenance and preservation expenditures were 12.1 percent lower than planned, and over the past five fiscal years, the actual expenditures

were 19.2 percent lower than planned. The variance between actual and planned expenditures in fiscal year 2023 can be attributed to continued insufficient resources in keeping up with increased delivery demands imposed on the WSDOT.

Bond Debt. At the end of fiscal year 2023, the state of Washington had general obligation bond debt outstanding including accreted interest and issuance premiums of \$21.23 billion, an increase of 1.0 percent from fiscal year 2022. This debt is secured by a pledge of the full faith and credit of the state. Additionally, the state had authorized \$16.39 billion general obligation debt that remains unissued.

General obligation debt is subject to the limitation prescribed by the state Constitution. The aggregate debt contracted by the state as of June 30, 2023, does not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than 8.25 percent of the arithmetic mean of its general state revenues for the six immediately preceding fiscal years. The arithmetic mean of its general state revenues for fiscal years 2017-2022 is \$24.13 billion. The debt service limitation, 8.25 percent of this mean, is \$1.99 billion. The state's maximum annual debt service as of June 30, 2023, subject to the constitutional debt limitation is \$1.39 billion, or \$605.0 million less than the debt service limitation.

State of Washington

For further information on the debt limit, refer to Schedule 11 in the Statistical Section of this report or online from the Office of the State Treasurer at: [Report on the State of Washington's Debt Limitation](#).

By statutory provision, the State Finance Committee (SFC) is authorized to supervise and control the issuance of all state bonds, notes, or other evidences of

indebtedness. The SFC is composed of the Governor, Lieutenant Governor, and State Treasurer, the latter serving as chairperson.

As of June 30, 2023, the state of Washington's general obligation debt was rated Aaa by Moody's Investor Service, AA+ by Standard & Poor's Rating Group, and AA+ by Fitch Ratings.

STATE OF WASHINGTON

Bond Debt

(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation (GO) bonds	\$ 20,938	\$ 20,710	\$ —	\$ —	\$ 20,938	\$ 20,710
Accreted interest on zero interest rate GO bonds	292	312	—	—	292	312
Revenue bonds	1,578	1,749	2,226	2,288	3,804	4,037
Unamortized premium on bonds sold	3,152	2,970	155	172	3,307	3,142
Total	\$ 25,960	\$ 25,741	\$ 2,381	\$ 2,460	\$ 28,341	\$ 28,201

The state had revenue debt outstanding at June 30, 2023, of \$3.80 billion, a decrease of \$233.6 million compared to fiscal year 2022. The decrease is primarily related to the state issuing fewer revenue bonds than in prior years. This debt is not supported or intended to be supported by the full faith and credit of the state. Revenue bond debt is generally secured by specific sources of revenue. The exceptions are the University of Washington and Washington State University which issue general revenue bonds that are payable from general revenues of each university.

General obligation and revenue bonds totaling \$1.34 billion were refunded during the year. Washington's refunding activity produced \$203.0 million in gross debt service savings.

Additional information on the state's bond debt obligations is presented in Note 7.

Conditions with Expected Future Impact

Economic Outlook. Washington's unemployment remains at a record low while the state's personal income continues to grow. Washington housing construction continues to be slow as housing prices in the state have appeared to peak due to higher interest rates. The state's

expanding economy, continued hiring, advancing personal income, and a rebound of growth in consumer spending should result in steady state revenue growth.

Rainy Day Account. In November 2007, Washington state voters ratified Engrossed Substitute Senate Joint Resolution 8206, amending the Washington Constitution and establishing the Budget Stabilization Account (BSA). The state's Constitution details a limited number of circumstances under which funds can be appropriated from the BSA, one of which is a favorable vote of at least three-fifths of the members of each house of the Legislature.

On June 30, 2023, \$310.0 million was transferred to the BSA from the General Fund in accordance with the provisions of the Constitution. The BSA had a fund balance of \$652.3 million as of June 30, 2023.

Requests for Information

This financial report is designed to provide a general overview of the state of Washington's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Financial Management, Accounting Division, P.O. Box 43127, Olympia, WA 98504-3127.

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Basic Financial Statements
Government-wide Financial Statements

Statement of Net Position

June 30, 2023

(expressed in thousands)

Continued

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 21,853,636	\$ 6,848,786	\$ 28,702,422	\$ 823,107
Taxes receivable (net of allowance for uncollectibles)	5,901,662	2,106	5,903,768	—
Other receivables (net of allowance for uncollectibles)	3,828,376	3,488,141	7,316,517	351,950
Internal balances	245,812	(245,812)	—	—
Due from other governments	6,198,349	510,085	6,708,434	—
Inventories and prepaids	186,491	86,760	273,251	83,072
Restricted cash and investments	340,590	15,044	355,634	—
Restricted receivables, current	3,301	—	3,301	—
Investments, noncurrent	7,574,907	19,997,524	27,572,431	1,230,193
Restricted investments, noncurrent	—	33,414	33,414	—
Restricted net pension asset	5,276,342	305,152	5,581,494	3,803
Other assets	—	165,213	165,213	1,176,122
Capital assets:				
Non-depreciable assets	33,299,032	253,989	33,553,021	241,300
Depreciable assets (net of accumulated depreciation)	14,217,990	3,354,676	17,572,666	1,589,348
Total capital assets	47,517,022	3,608,665	51,125,687	1,830,648
Total Assets	98,926,488	34,815,078	133,741,566	5,498,895
DEFERRED OUTFLOWS OF RESOURCES	3,665,553	672,456	4,338,009	20,560
Total Assets and Deferred Outflows of Resources	\$ 102,592,041	\$ 35,487,534	\$ 138,079,575	\$ 5,519,455

The notes to the financial statements are an integral part of this statement.

Statement of Net Position

June 30, 2023

(expressed in thousands)

Concluded

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accounts payable	\$ 2,975,063	\$ 338,265	\$ 3,313,328	\$ 160,078
Accrued liabilities	2,421,004	978,011	3,399,015	315,734
Obligations under security lending agreements	—	17,451	17,451	—
Due to other governments	1,507,317	682,912	2,190,229	—
Unearned revenues	1,700,506	202,588	1,903,094	163,920
Long-term liabilities:				
Due within one year	2,639,754	3,316,320	5,956,074	57,806
Due in more than one year	34,417,417	42,175,255	76,592,672	2,121,062
Total Liabilities	45,661,061	47,710,802	93,371,863	2,818,600
DEFERRED INFLOWS OF RESOURCES	6,515,971	941,375	7,457,346	68,602
NET POSITION				
Net investment in capital assets	26,190,189	760,951	26,951,140	393,926
Restricted for:				
Unemployment compensation	—	3,973,176	3,973,176	—
Nonexpendable permanent endowments	3,456,193	—	3,456,193	—
Expendable endowment funds	2,065,727	—	2,065,727	—
Pensions	5,439,733	378,503	5,818,236	4,709
Human services	767,967	—	767,967	—
Wildlife and natural resources	1,363,191	—	1,363,191	—
Transportation	2,134,653	—	2,134,653	—
Budget stabilization	652,375	—	652,375	—
Higher education	40,076	—	40,076	—
Other purposes	614,780	—	614,780	660,481
Unrestricted	7,690,125	(18,277,273)	(10,587,148)	1,573,137
Total Net Position	50,415,009	(13,164,643)	37,250,366	2,632,253
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 102,592,041	\$ 35,487,534	\$ 138,079,575	\$ 5,519,455

The notes to the financial statements are an integral part of this statement.

State of Washington

Statement of Activities
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General government	\$ 4,848,224	\$ 1,372,379	\$ 2,807,555	\$ —
Education - K-12 education	16,867,854	19,363	2,194,282	—
Education - higher education	9,956,842	3,735,651	3,318,860	76,120
Human services	30,292,321	902,661	19,538,296	—
Adult corrections	1,304,478	5,058	2,533	—
Natural resources and recreation	2,076,194	1,482,893	246,000	57,908
Transportation	3,021,575	1,749,888	357,376	756,560
Interest on long-term debt	1,107,488	—	—	—
Total Governmental Activities	69,474,976	9,267,893	28,464,902	890,588
Business-Type Activities:				
Workers' compensation	4,038,995	3,037,651	9,832	—
Unemployment compensation	1,208,172	1,641,777	20,989	—
Higher education student services	4,153,848	4,336,484	15,043	1,159
Health insurance	3,854,551	4,009,968	—	—
Washington's lottery	756,398	1,006,357	—	—
Paid family and medical leave	1,649,030	1,512,373	—	—
Other	297,565	246,317	537	—
Total Business-Type Activities	15,958,559	15,790,927	46,401	1,159
Total Primary Government	\$ 85,433,535	\$ 25,058,820	\$ 28,511,303	\$ 891,747
Total Component Units	\$ 3,076,955	\$ 2,218,147	\$ 1,159,091	\$ —

General Revenues:

Taxes, net of related credits:

Sales and use

Business and occupation

Property

Motor vehicle and fuel

Excise

Cigarette and tobacco

Public utilities

Insurance premium

Other

Interest and investment earnings

Total general revenues

Excess (deficiency) of revenues over expenses before

contributions to endowments and transfers

Contributions to endowments

Transfers

Change in Net Position

Net Position - Beginning, as restated

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

State of Washington

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (668,290)	\$ —	\$ (668,290)	
(14,654,209)	—	(14,654,209)	
(2,826,211)	—	(2,826,211)	
(9,851,364)	—	(9,851,364)	
(1,296,887)	—	(1,296,887)	
(289,393)	—	(289,393)	
(157,751)	—	(157,751)	
(1,107,488)	—	(1,107,488)	
(30,851,593)	—	(30,851,593)	
—	(991,512)	(991,512)	
—	454,594	454,594	
—	198,838	198,838	
—	155,417	155,417	
—	249,959	249,959	
—	(136,657)	(136,657)	
—	(50,711)	(50,711)	
—	(120,072)	(120,072)	
\$ (30,851,593)	\$ (120,072)	\$ (30,971,665)	
			\$ 300,283
15,966,276	—	15,966,276	—
6,656,154	—	6,656,154	—
4,583,232	—	4,583,232	52,046
1,559,037	—	1,559,037	—
2,834,473	14,696	2,849,169	—
329,320	—	329,320	—
635,866	—	635,866	—
847,086	—	847,086	—
2,400,407	2	2,400,409	27,629
692,635	769,575	1,462,210	112,838
36,504,486	784,273	37,288,759	192,513
5,652,893	664,201	6,317,094	492,796
138,473	—	138,473	—
629	(629)	—	—
5,791,995	663,572	6,455,567	492,796
44,623,014	(13,828,215)	30,794,799	2,139,457
\$ 50,415,009	\$ (13,164,643)	\$ 37,250,366	\$ 2,632,253

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Basic Financial Statements
Fund Financial Statements

State of Washington

Balance Sheet
GOVERNMENTAL FUNDS

June 30, 2023

(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ 9,279,346	\$ 1,900,991	\$ 1,136,332	\$ 8,090,120	\$ 20,406,789
Investments	5,336	2,738,628	5,109,584	317,283	8,170,831
Taxes receivable (net of allowance)	5,514,756	85,928	—	300,978	5,901,662
Receivables (net of allowance)	1,102,159	1,193,800	75,399	1,336,064	3,707,422
Due from other funds	1,332,327	1,303,994	55	478,517	3,114,893
Due from other governments	1,890,986	180,913	495	3,773,525	5,845,919
Inventories and prepaids	18,930	51,634	—	67,086	137,650
Restricted cash and investments	25,276	275	—	217,647	243,198
Restricted receivables	—	2,495	—	283	2,778
Total Assets	19,169,116	7,458,658	6,321,865	14,581,503	47,531,142
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	232	232
Total Assets and Deferred Outflows of Resources	\$ 19,169,116	\$ 7,458,658	\$ 6,321,865	\$ 14,581,735	\$ 47,531,374
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,212,465	\$ 128,531	\$ —	\$ 582,204	\$ 2,923,200
Accrued liabilities	731,535	770,023	102,759	260,313	1,864,630
Due to other funds	334,668	32,185	868,294	1,549,251	2,784,398
Due to other governments	567,686	28,992	—	323,716	920,394
Unearned revenue	1,341,643	255,148	—	94,849	1,691,640
Claims and judgments payable	60,322	—	—	209,665	269,987
Total Liabilities	5,248,319	1,214,879	971,053	3,019,998	10,454,249
DEFERRED INFLOWS OF RESOURCES					
	3,756,519	371,485	32,243	174,224	4,334,471
FUND BALANCES					
Nonspendable fund balance	60,468	51,634	3,234,347	288,931	3,635,380
Restricted fund balance	692,162	40,076	2,084,222	4,822,307	7,638,767
Committed fund balance	3,365,227	5,670,645	—	6,310,816	15,346,688
Assigned fund balance	1,862,952	109,939	—	—	1,972,891
Unassigned fund balance	4,183,469	—	—	(34,541)	4,148,928
Total Fund Balances	10,164,278	5,872,294	5,318,569	11,387,513	32,742,654
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 19,169,116	\$ 7,458,658	\$ 6,321,865	\$ 14,581,735	\$ 47,531,374

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Balance Sheet to the
Statement of Net Position
GOVERNMENTAL FUNDS**

June 30, 2023
(expressed in thousands)

Total Fund Balances for Governmental Funds \$ 32,742,654

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Non-depreciable assets	\$	33,219,818	
Depreciable assets		27,457,188	
Less: Accumulated depreciation		(14,252,017)	
Total capital assets			46,424,989

Long-term receivables for capital assets are not financial resources and therefore are not reported in the funds. 35,000

Some of the state's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are considered deferred inflows in the funds. 3,955,282

Certain pension trust funds have been funded in excess of the annual required contributions, creating a year-end asset. This asset is not a financial resource and therefore is not reported in the funds. 5,183,286

Deferred outflows of resources represent a consumption of net assets that will be reported as an outflow of resources in a future period and therefore are not reported in the funds. 3,515,792

Deferred inflows of resources represent an acquisition of net assets that will be recognized as an inflow of resources in a future period and therefore are not reported in the funds. (5,904,659)

Unmatured interest on general obligation bonds and other debt is not recognized in the funds until due. (404,554)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position. (787,314)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds and other financing contracts payable	\$	(25,735,042)	
Accreted interest on bonds and other debt		(292,260)	
Right-to-use lease liabilities		(1,269,884)	
Subscription liabilities		(115,974)	
Compensated absences		(853,070)	
Other postemployment benefits obligations		(3,480,386)	
Net pension liability		(1,263,518)	
Unclaimed property		(145,751)	
Pollution remediation obligations		(298,946)	
Claims and judgments		(42,241)	
Asset retirement obligations		(31,171)	
Other obligations		(817,224)	
Total long-term liabilities			(34,345,467)

Net Position of Governmental Activities \$ 50,415,009

The notes to the financial statements are an integral part of this statement.

State of Washington

Statement of Revenues, Expenditures, and Changes in Fund Balances
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
REVENUES					
Retail sales and use taxes	\$ 15,830,647	\$ —	\$ —	\$ 135,629	\$ 15,966,276
Business and occupation taxes	6,239,099	413,661	—	3,394	6,656,154
Property taxes	4,484,192	—	—	—	4,484,192
Excise taxes	1,176,214	745,359	—	912,900	2,834,473
Motor vehicle and fuel taxes	324	—	—	1,558,713	1,559,037
Other taxes	2,407,313	936,844	—	524,849	3,869,006
Licenses, permits, and fees	162,933	1,210	—	2,251,047	2,415,190
Other contracts and grants	436,239	1,450,377	—	212,345	2,098,961
Timber sales	4,207	—	21,601	143,806	169,614
Federal grants-in-aid	23,529,447	1,907,987	—	1,819,163	27,256,597
Charges for services	63,916	2,905,689	—	773,648	3,743,253
Investment income (loss)	173,130	159,189	193,898	166,416	692,633
Miscellaneous revenue	316,257	659,967	67,511	1,720,695	2,764,430
Contributions and donations	—	—	138,473	—	138,473
Unclaimed property	170,984	—	—	—	170,984
Total Revenues	54,994,902	9,180,283	421,483	10,222,605	74,819,273
EXPENDITURES					
Current:					
General government	2,952,791	193	165	1,436,162	4,389,311
Human services	30,563,253	26,682	—	1,274,095	31,864,030
Natural resources and recreation	1,014,349	—	—	1,008,608	2,022,957
Transportation	96,063	—	—	2,613,039	2,709,102
Education	17,452,446	8,263,265	1,653	731,385	26,448,749
Intergovernmental	135,614	—	—	414,750	550,364
Capital outlays	271,160	247,885	9	2,662,401	3,181,455
Debt service:					
Principal	12,116	47,350	—	1,279,586	1,339,052
Interest	1,627	19,419	963	1,069,956	1,091,965
Total Expenditures	52,499,419	8,604,794	2,790	12,489,982	73,596,985
Excess of Revenues Over (Under) Expenditures	2,495,483	575,489	418,693	(2,267,377)	1,222,288
OTHER FINANCING SOURCES (USES)					
Bonds issued	190,120	5,841	—	1,336,995	1,532,956
Refunding bonds issued	—	—	—	1,343,065	1,343,065
Payments to escrow agents for refunded bond debt	—	—	—	(1,536,603)	(1,536,603)
Issuance premiums	171	130	—	421,625	421,926
Other debt issued	—	32,723	—	31,681	64,404
Refunding COPs issued	—	1,080	—	—	1,080
Payment to escrow agents for refunded COP debt	—	7	—	—	7
Right-to-use lease acquisition	113,199	71,186	—	32,789	217,174
Transfers in	815,092	1,042,051	105,646	6,165,228	8,128,017
Transfers out	(2,729,681)	(1,172,149)	(312,856)	(4,145,287)	(8,359,973)
Total Other Financing Sources (Uses)	(1,611,099)	(19,131)	(207,210)	3,649,493	1,812,053
Net Change in Fund Balances	884,384	556,358	211,483	1,382,116	3,034,341
Fund Balances - Beginning, as restated	9,279,894	5,315,936	5,107,086	10,005,397	29,708,313
Fund Balances - Ending	\$ 10,164,278	\$ 5,872,294	\$ 5,318,569	\$ 11,387,513	\$ 32,742,654

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 3,034,341

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlays	\$ 2,456,688	
Less: Depreciation expense	<u>(1,076,500)</u>	1,380,188

Some revenues in the Statement of Activities do not provide current financial resources, and therefore are unavailable in governmental funds. Also, revenues related to prior periods that became available during the current period are reported in governmental funds but are eliminated in the Statement of Activities. This amount is the net adjustment.

478,433

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities.

348,291

Bond proceeds and other financing contracts provide current financial resources to governmental funds, while the repayment of the related debt principal consumes those financial resources. These transactions, however, have no effect on net position. In the current period, these amounts consist of:

Bonds and other financing contracts issued	\$ (3,472,813)	
Principal payments on bonds and other financing contracts	3,288,205	
Accreted interest on bonds	<u>20,095</u>	(164,513)

Some expenses/revenue reductions reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not recognized in governmental funds. Also payments of certain obligations related to prior periods are recognized in governmental funds but are eliminated in the Statement of Activities. In the current period, the net adjustments consist of:

Compensated absences	\$ (50,701)	
Other postemployment benefits	104,529	
Pensions	858,195	
Pollution remediation	(68,851)	
Claims and judgments	(1,974)	
Accrued interest	(12,932)	
Unclaimed property	(25,980)	
Asset retirement obligations	(1,927)	
Other obligations	<u>(85,104)</u>	715,255

Change in Net Position of Governmental Activities \$ 5,791,995

The notes to the financial statements are an integral part of this statement.

**Statement of Net Position
PROPRIETARY FUNDS**

June 30, 2023

(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 114,410	\$ 3,365,373	\$ 1,261,972
Investments	1,345,191	—	39,585
Taxes receivable (net of allowance)	—	—	—
Receivables (net of allowance)	1,049,211	1,326,569	527,137
Due from other funds	255	4,131	17,016
Due from other governments	1,326	216,083	79,924
Inventories	—	—	56,497
Prepaid expenses	165	—	16,951
Restricted cash and investments	565	—	14,479
Restricted receivables	—	—	—
Total Current Assets	2,511,123	4,912,156	2,013,561
Noncurrent Assets:			
Investments, noncurrent	17,621,246	—	701,966
Restricted investments, noncurrent	—	—	33,414
Restricted net pension asset	61,121	—	210,318
Other noncurrent assets	3,037	—	100,439
Capital assets:			
Land and other non-depreciable assets	3,332	—	74,597
Buildings	65,111	—	4,696,742
Other improvements	1,289	—	159,526
Furnishings, equipment, and intangibles	106,685	—	914,833
Infrastructure	—	—	63,603
Lease assets	49,641	—	358,091
Subscription assets	8,046	—	48,880
Accumulated depreciation and amortization	(173,631)	—	(3,057,789)
Construction in progress	52,114	—	119,863
Total Noncurrent Assets	17,797,991	—	4,424,483
Total Assets	20,309,114	4,912,156	6,438,044
DEFERRED OUTFLOWS OF RESOURCES	89,947	—	513,046
Total Assets and Deferred Outflows of Resources	\$ 20,399,061	\$ 4,912,156	\$ 6,951,090

The notes to the financial statements are an integral part of this statement.

State of Washington

Continued

			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total		Internal Service Funds
\$ 334,116	\$ 335,082	\$ 5,410,953	\$ 829,633	
—	53,057	1,437,833	692	
—	2,106	2,106	—	
61,439	523,785	3,488,141	85,956	
19	69,138	90,559	105,736	
176,708	8,221	482,262	159,642	
—	12,436	68,933	24,793	
—	711	17,827	24,048	
—	—	15,044	97,390	
—	—	—	523	
572,282	1,004,536	11,013,658	1,328,413	
—	1,674,312	19,997,524	20,599	
—	—	33,414	—	
3,544	30,170	305,153	93,056	
—	61,734	165,210	—	
—	1,540	79,469	7,275	
—	12,828	4,774,681	573,115	
—	6,221	167,036	15,055	
415	125,106	1,147,039	1,181,464	
—	—	63,603	2,170	
5,152	8,431	421,315	180,215	
—	4,381	61,307	189,475	
(2,845)	(46,040)	(3,280,305)	(1,128,674)	
—	2,543	174,520	71,940	
6,266	1,881,226	24,109,966	1,205,690	
578,548	2,885,762	35,123,624	2,534,103	
8,820	60,644	672,457	149,529	
\$ 587,368	\$ 2,946,406	\$ 35,796,081	\$ 2,683,632	

**Statement of Net Position
PROPRIETARY FUNDS**

June 30, 2023

(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 20,909	\$ —	\$ 200,124
Accrued liabilities	364,081	172,420	439,735
Obligations under security lending agreements	—	—	—
Bonds and notes payable	9,729	—	218,781
Total OPEB liability	2,351	—	12,336
Due to other funds	7,815	2,917	220,916
Due to other governments	—	631,223	2,792
Unearned revenue	2,470	11,179	133,300
Claims and judgments payable	2,299,042	121,241	—
Total Current Liabilities	2,706,397	938,980	1,227,984
Noncurrent Liabilities:			
Claims and judgments payable	37,372,418	—	—
Bonds and notes payable	20,463	—	2,650,720
Net pension liability	36,131	—	139,951
Total OPEB liability	90,764	—	476,431
Unearned revenue	3,180	—	—
Other long-term liabilities	6,269	—	157,830
Total Noncurrent Liabilities	37,529,225	—	3,424,932
Total Liabilities	40,235,622	938,980	4,652,916
DEFERRED INFLOWS OF RESOURCES	141,114	—	719,953
NET POSITION			
Net investment in capital assets	82,394	—	570,409
Restricted for:			
Unemployment compensation	—	3,973,176	—
Pensions	70,776	—	267,986
Unrestricted	(20,130,845)	—	739,826
Total Net Position	(19,977,675)	3,973,176	1,578,221
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 20,399,061	\$ 4,912,156	\$ 6,951,090

The notes to the financial statements are an integral part of this statement.

State of Washington

Concluded

			<u>Governmental Activities</u>	
<u>Health Insurance</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>	
\$ 91,505	\$ 25,727	\$ 338,265	\$ 51,861	
11,954	198,705	1,186,895	133,141	
—	17,451	17,451	—	
836	2,448	231,794	181,649	
172	1,114	15,973	3,334	
582	118,117	350,347	176,334	
—	7,097	641,112	4,463	
1,867	50,592	199,408	6,764	
170,340	268,942	2,859,565	288,229	
277,256	690,193	5,840,810	845,775	
—	11,891	37,384,309	1,460,037	
1,967	4,361	2,677,511	707,686	
2,076	17,382	195,540	59,334	
6,647	43,084	616,926	128,786	
—	—	3,180	2,101	
1,142	1,135,832	1,301,073	35,104	
11,832	1,212,550	42,178,539	2,393,048	
289,088	1,902,743	48,019,349	3,238,823	
8,756	71,552	941,375	232,123	
(81)	108,229	760,951	272,827	
—	—	3,973,176	—	
4,285	35,456	378,503	102,417	
285,320	828,426	(18,277,273)	(1,162,558)	
289,524	972,111	(13,164,643)	(787,314)	
\$ 587,368	\$ 2,946,406	\$ 35,796,081	\$ 2,683,632	

Statement of Revenues, Expenses, and Changes in Net Position
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
OPERATING REVENUES			
Sales	\$ —	\$ —	\$ 46,862
Less: Cost of goods sold	—	—	(29,685)
Gross profit	—	—	17,177
Charges for services	23	—	3,873,539
Premiums and assessments	2,982,042	1,624,335	—
Lottery ticket proceeds	—	—	—
Federal aid for unemployment insurance benefits	—	20,989	—
Miscellaneous revenue	55,518	17,441	514,934
Total Operating Revenues	3,037,583	1,662,765	4,405,650
OPERATING EXPENSES			
Salaries and wages	224,115	—	1,464,821
Employee benefits	49,073	—	303,823
Personal services	19,842	—	246,917
Goods and services	95,720	—	1,651,137
Travel	4,346	—	30,765
Premiums and claims	3,582,759	1,186,305	—
Guaranteed education tuition program expense	—	—	—
Lottery prize payments	—	—	—
Depreciation and amortization	13,613	—	293,566
Miscellaneous expenses	49,216	21,867	33,616
Total Operating Expenses	4,038,684	1,208,172	4,024,645
Operating Income (Loss)	(1,001,101)	454,593	381,005
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	594,480	54,685	3,526
Interest expense	(310)	—	(99,511)
Tax and license revenue	98	—	—
Other revenues (expenses)	9,899	—	(83,808)
Total Nonoperating Revenues (Expenses)	604,167	54,685	(179,793)
Income (Loss) Before Contributions and Transfers	(396,934)	509,278	201,212
Capital contributions	—	—	1,159
Transfers in	—	—	736,009
Transfers out	(385)	—	(684,167)
Net Contributions and Transfers	(385)	—	53,001
Change in Net Position	(397,319)	509,278	254,213
Net Position - Beginning, as restated	(19,580,356)	3,463,898	1,324,008
Net Position - Ending	\$ (19,977,675)	\$ 3,973,176	\$ 1,578,221

The notes to the financial statements are an integral part of this statement.

State of Washington

			Governmental Activities				
Health Insurance	Nonmajor Enterprise Funds	Total	Internal Service Funds				
\$	—	\$	120,452	\$	167,314	\$	47,472
	—		(85,474)		(115,159)		(39,791)
	—		34,978		52,155		7,681
	—		94,350		3,967,912		970,812
	4,001,563		1,540,692		10,148,632		275,142
	—		1,003,446		1,003,446		—
	—		—		20,989		—
	8,410		6,121		602,424		208,286
	4,009,973		2,679,587		15,795,558		1,461,921
	16,900		122,382		1,828,218		393,399
	4,774		32,365		390,035		73,975
	13,233		29,290		309,282		46,702
	5,967		138,730		1,891,554		483,065
	87		1,061		36,259		5,009
	3,812,673		1,574,285		10,156,022		239,221
	—		74,034		74,034		—
	—		618,834		618,834		—
	896		9,127		317,202		143,637
	27		14,926		119,652		256
	3,854,557		2,615,034		15,741,092		1,385,264
	155,416		64,553		54,466		76,657
	2,463		114,422		769,576		9,282
	(29)		(2,461)		(102,311)		(15,782)
	—		14,598		14,696		15
	(3)		530		(73,382)		683
	2,431		127,089		608,579		(5,802)
	157,847		191,642		663,045		70,855
	—		—		1,159		44,850
	25		215,924		951,958		260,093
	(1,515)		(266,521)		(952,588)		(27,507)
	(1,490)		(50,597)		529		277,436
	156,357		141,045		663,574		348,291
	133,167		831,066		(13,828,217)		(1,135,605)
\$	289,524	\$	972,111	\$	(13,164,643)	\$	(787,314)

Statement of Cash Flows
PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,850,068	\$ 1,622,154	\$ 3,783,685
Payments to suppliers	(2,720,511)	(1,224,723)	(1,883,790)
Payments to employees	(303,833)	—	(1,881,532)
Other receipts	55,520	36,347	513,185
Net Cash Provided (Used) by Operating Activities	<u>(118,756)</u>	<u>433,778</u>	<u>531,548</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	—	—	736,009
Transfers out	(385)	—	(684,167)
Operating grants and donations received	9,843	—	13,871
Taxes and license fees collected	98	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	<u>9,556</u>	<u>—</u>	<u>65,713</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(313)	—	(115,157)
Principal payments on long-term capital financing	(11,265)	—	(343,920)
Proceeds from long-term capital financing	—	—	151,830
Proceeds from sale of capital assets	71	—	113,528
Acquisitions of capital assets	(27,349)	—	(277,522)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(38,856)</u>	<u>—</u>	<u>(471,241)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	634,740	54,685	1,474
Proceeds from sale of investment securities	6,914,001	—	102,568
Purchases of investment securities	(7,435,816)	—	(123,930)
Net Cash Provided (Used) by Investing Activities	<u>112,925</u>	<u>54,685</u>	<u>(19,888)</u>
Net Increase (Decrease) in Cash and Pooled Investments	<u>(35,131)</u>	<u>488,463</u>	<u>106,132</u>
Cash and cash equivalents, July 1, as restated	150,106	2,876,910	1,170,319
Cash and cash equivalents, June 30	<u>\$ 114,975</u>	<u>\$ 3,365,373</u>	<u>\$ 1,276,451</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (1,001,101)	\$ 454,593	\$ 381,005
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	13,613	—	293,566
Revenue reduced for uncollectible accounts	42,561	—	2,210
Change in Assets: Decrease (Increase)			
Receivables	(137,181)	6,423	(139,066)
Inventories	63	—	1,391
Prepaid expenses	(2)	—	(9,625)
Other assets	106,870	—	427,929
Change in Deferred Outflows of Resources: Increase (Decrease)	<u>(40,037)</u>	<u>—</u>	<u>(163,051)</u>
Change in Liabilities: Increase (Decrease)			
Payables	962,130	(27,238)	(33,441)
Change in Deferred Inflows of Resources: Decrease (Increase)	<u>(65,672)</u>	<u>—</u>	<u>(229,370)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (118,756)</u>	<u>\$ 433,778</u>	<u>\$ 531,548</u>

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets	\$ —	\$ —	\$ 1,159
Acquisition of capital assets through financing arrangements	13,563	—	105,703
Amortization of annuity prize liability	—	—	—
Increase (decrease) in fair value of investments	(56,853)	—	(3,495)
Amortization of debt premium/discount	—	—	17,740

The notes to the financial statements are an integral part of this statement.

State of Washington

Concluded

			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds		Total	Internal Service Funds
\$	—	\$	—	\$
			1,159	44,850
	—		120,941	176,823
	—		2,462	—
	(3,638)		26,214	(1,152)
	—		20,970	6,167

Statement of Net Position
FIDUCIARY FUNDS
 June 30, 2023
 (expressed in thousands)

Continued

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Custodial Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 6,356	\$ 7,082,766	\$ 47,524	\$ 272,833
Receivables, pension and other employee benefit plans:				
Employers	—	—	240,765	—
Members (net of allowance)	—	—	6,431	—
Interest and dividends	—	—	394,891	—
Investment trades pending	—	—	18,468,168	—
Due from other pension and other employee benefit funds	—	—	101,687	—
Taxes receivable (net of allowance)	—	—	—	1,597,726
Other receivables, all other funds	—	63,266	326	6,711
Due from other governments	—	—	—	26,580
Investments:				
Liquidity	—	12,202,132	2,469,652	—
Fixed income	—	1,732,744	23,695,074	—
Public equity	—	—	52,770,414	—
Private equity	—	—	45,530,131	—
Real estate	—	—	33,214,110	—
Tangible assets	—	—	10,830,250	—
Innovations	—	—	1,768,716	—
Security lending collateral	—	—	245,629	—
Other noncurrent assets	—	—	—	117,129
Capital assets:				
Furnishings, equipment, and intangibles	16	—	—	—
Leased assets	1,805	—	—	5,621
Subscription assets	5,096	—	—	—
Accumulated depreciation and amortization	(1,815)	—	—	(2,108)
Total Assets	11,458	21,080,908	189,783,768	2,024,492
DEFERRED OUTFLOWS OF RESOURCES	—	—	281	—
Total Assets and Deferred Outflows of Resources	\$ 11,458	\$ 21,080,908	\$ 189,784,049	\$ 2,024,492

The notes to the financial statements are an integral part of this statement.

**Statement of Net Position
FIDUCIARY FUNDS**

June 30, 2023

(expressed in thousands)

Concluded

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Custodial Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 491	\$ —	\$ —	\$ 7,742
Contracts payable	—	—	—	72
Accrued liabilities	309	73	18,895,020	41,580
Obligations under security lending agreements	—	—	245,629	—
Notes and leases payable	712	—	—	693
Due to other funds	—	109	—	—
Due to other pension and other employee benefit funds	—	—	101,688	—
Due to other governments	—	574,224	—	664,349
Unearned revenue	—	—	1,020	—
Total Current Liabilities	1,512	574,406	19,243,357	714,436
Noncurrent Liabilities:				
Unearned revenue	4,489	—	—	2,930
Other long-term liabilities	—	—	—	7,637
Total Noncurrent Liabilities	4,489	—	—	10,567
Total Liabilities	6,001	574,406	19,243,357	725,003
DEFERRED INFLOWS OF RESOURCES				
	—	—	377	—
NET POSITION				
Net position restricted for:				
Pensions	—	—	164,354,420	—
Deferred compensation participants	—	—	6,185,895	—
Local government pool participants	—	20,506,502	—	—
Individuals, organizations, and other governments	5,457	—	—	1,299,489
Total Net Position	\$ 5,457	\$ 20,506,502	\$ 170,540,315	\$ 1,299,489

The notes to the financial statements are an integral part of this statement.

**Statement of Changes in Net Position
FIDUCIARY FUNDS**

For the Fiscal Year Ended June 30, 2023

(expressed in thousands)

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Custodial Funds
ADDITIONS				
Contributions:				
Employers	\$ —	\$ —	\$ 3,252,006	\$ —
Members	—	—	2,140,563	—
State	—	—	349,019	—
Participants	—	32,136,768	431,525	838,447
Total Contributions	—	32,136,768	6,173,113	838,447
Investment Income:				
Net appreciation (depreciation) in fair value	—	—	9,186,675	—
Interest and dividends	—	727,855	3,049,865	3,442
Earnings (loss) on investments	(10)	(8,388)	—	431
Less: Investment expenses	—	—	(711,592)	—
Net Investment Income (Loss)	(10)	719,467	11,524,948	3,873
Other Additions:				
Unclaimed property	151,069	—	—	—
Transfers from other plans	—	—	97,030	—
Sales tax collections for other governments	—	—	—	8,185,373
Other	858	3	27,075	308,706
Total Other Additions	151,927	3	124,105	8,494,079
Total Additions	151,917	32,856,238	17,822,166	9,336,399
DEDUCTIONS				
Pension benefits	—	—	6,475,249	—
Pension refunds	—	—	1,048,518	—
Transfers to other plans	—	—	97,030	—
Administrative expenses	8,129	1,967	4,384	4,600
Distributions to participants	—	31,136,270	360,927	—
Payments of sales tax to other governments	—	—	—	8,091,662
Payments on behalf of retirees for medical benefits	—	—	—	844,750
Other deductions	—	—	—	320,450
Payments to or on behalf of individuals, organizations, and other governments in accordance with state unclaimed property laws	150,884	—	—	—
Total Deductions	159,013	31,138,237	7,986,108	9,261,462
Net Increase (Decrease)	(7,096)	1,718,001	9,836,058	74,937
Net Position - Beginning, as restated	12,553	18,788,501	160,704,257	1,224,552
Net Position - Ending	\$ 5,457	\$ 20,506,502	\$ 170,540,315	\$ 1,299,489

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
COMPONENT UNITS

June 30, 2023
(expressed in thousands)

Continued

	Fred Hutchinson Cancer Center	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 249,477	\$ 15,465	\$ 56,790	\$ 410,469	\$ 732,201
Investments	—	—	27,212	63,694	90,906
Receivables (net of allowance)	203,719	4,925	113,226	30,080	351,950
Inventories	29,717	—	9,389	—	39,106
Prepaid expenses	16,147	3,547	23,538	734	43,966
Total Current Assets	499,060	23,937	230,155	504,977	1,258,129
Noncurrent Assets:					
Investments, noncurrent	1,156,077	—	74,116	—	1,230,193
Restricted net pension asset	—	1,823	—	1,980	3,803
Other noncurrent assets	615,424	14	24,262	536,422	1,176,122
Capital assets:					
Land	142,661	—	13,145	34,677	190,483
Buildings	979,084	—	546,615	460,952	1,986,651
Other improvements	—	1,783	24,525	176	26,484
Furnishings, equipment, and intangible assets	298,828	77,601	311,174	12,951	700,554
Lease asset	210,283	83	128,824	14,820	354,010
Subscription asset	—	2,039	17,156	—	19,195
Accumulated depreciation and amortization	(540,428)	(56,620)	(568,100)	(332,398)	(1,497,546)
Construction in progress	35,115	3,360	12,342	—	50,817
Total Noncurrent Assets	2,897,044	30,083	584,059	729,580	4,240,766
Total Assets	3,396,104	54,020	814,214	1,234,557	5,498,895
DEFERRED OUTFLOWS OF RESOURCES					
	—	5,888	11,805	2,867	20,560
Total Assets and Deferred Outflows of Resources	\$ 3,396,104	\$ 59,908	\$ 826,019	\$ 1,237,424	\$ 5,519,455

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
COMPONENT UNITS
 June 30, 2023
 (expressed in thousands)

					Concluded
	Fred Hutchinson Cancer Center	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 122,069	\$ 8,467	\$ 28,053	\$ 1,489	\$ 160,078
Accrued liabilities	147,245	1,543	127,555	51,056	327,399
Total OPEB liability	—	—	—	3	3
Lease and subscription liabilities	13,732	979	18,336	13,091	46,138
Unearned revenue	—	14,360	—	149,560	163,920
Total Current Liabilities	283,046	25,349	173,944	215,199	697,538
Noncurrent Liabilities:					
Bonds and notes payable	1,086,339	—	278,913	—	1,365,252
Net pension liability	—	—	—	1,290	1,290
Total OPEB liability	—	1,626	—	2,514	4,140
Lease and subscription liabilities	213,781	695	89,036	101	303,613
Other long-term liabilities	428,824	118	—	17,825	446,767
Total Noncurrent Liabilities	1,728,944	2,439	367,949	21,730	2,121,062
Total Liabilities	2,011,990	27,788	541,893	236,929	2,818,600
DEFERRED INFLOWS OF RESOURCES	9,613	5,680	48,992	4,317	68,602
NET POSITION					
Net investment in capital assets	111,691	25,770	77,063	179,402	393,926
Restricted for:					
Pension	—	2,794	—	1,915	4,709
Other purposes	637,053	—	1,897	21,531	660,481
Unrestricted	625,757	(2,124)	156,174	793,330	1,573,137
Total Net Position	1,374,501	26,440	235,134	996,178	2,632,253
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,396,104	\$ 59,908	\$ 826,019	\$ 1,237,424	\$ 5,519,455

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position
COMPONENT UNITS

For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Fred Hutchinson Cancer Center	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
EXPENSES	\$ 1,975,745	\$ 84,641	\$ 932,998	\$ 83,571	\$ 3,076,955
PROGRAM REVENUES					
Charges for services	1,232,131	42,251	889,001	54,764	2,218,147
Operating grants and contributions	1,073,044	46,640	—	39,407	1,159,091
Total Program Revenues	2,305,175	88,891	889,001	94,171	3,377,238
Net Program Revenues (Expense)	329,430	4,250	(43,997)	10,600	300,283
GENERAL REVENUES (EXPENSES)					
Earnings (loss) on investments	101,210	—	1,202	10,426	112,838
Tax and license revenue	—	—	25,595	26,451	52,046
Other revenues (expenses)	(522)	(143)	28,294	—	27,629
Total General Revenues (Expenses)	100,688	(143)	55,091	36,877	192,513
Change in Net Position	430,118	4,107	11,094	47,477	492,796
Net Position - Beginning, as restated	944,383	22,333	224,040	948,701	2,139,457
Net Position - Ending	\$ 1,374,501	\$ 26,440	\$ 235,134	\$ 996,178	\$ 2,632,253

The notes to the financial statements are an integral part of this statement.

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Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2023

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Note 1

Summary of Significant Accounting Policies

The accompanying financial statements of the state of Washington have been prepared in conformity with generally accepted accounting principles (GAAP). The Office of Financial Management (OFM) is the primary authority for the state's accounting and reporting requirements. OFM has adopted the pronouncements of the Governmental Accounting Standards Board (GASB), which is nationally accepted as the standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the significant accounting policies:

A. REPORTING ENTITY

In defining the state of Washington for financial reporting purposes, management considers all funds, organizations, institutions, agencies, departments, and offices that are legally part of the state (the primary government) and organizations that are financially accountable to the state. Additionally, other organizations that do not meet the financial accountability criteria may be included in the reporting entity if the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading.

Financial accountability exists when the primary government appoints a voting majority of an organization's governing body and is either (1) able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government is also financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. An organization is fiscally dependent if it is unable to determine its budget without another government having the substantive authority to approve or modify that budget, to levy taxes or set rates or charges without substantive approval by another government, or to issue bonded debt without substantive approval by another government. The organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists: (1) the primary government is legally entitled to or can access the organization's resources, (2) the primary government is

legally obligated or has otherwise assumed the obligation to finance or provide financial support to the organization, (3) the primary government is obligated in some manner for the debt of the organization.

Based on these criteria, the following are included in the financial statements of the primary government:

State Agencies. Except as otherwise described herein, all state elected offices, departments, agencies, commissions, boards, committees, authorities, councils (agencies), and all funds and subsidiary accounts of the state are included in the primary government. Executives of these agencies are either elected, directly appointed by the Governor, appointed by a board which is appointed by the Governor, or appointed by a board which is in part appointed by the Governor. Additionally, a small number of board positions are established by statute or independently elected.

The Legislature creates these agencies, assigns their programs, approves operational funding, and requires financial accountability. The Legislature also authorizes all bond issuances for capital construction projects for the benefit of state agencies. The legal liability for these bonds and the ownership of agency assets reside with the state.

Colleges and Universities. The governing boards of the five state universities, the state college, and the 34 state community and technical colleges are appointed by the Governor. The governing board of each college and university appoints a president to function as chief administrator. The Legislature approves budgets and budget amendments for the appropriated funds of each college and university, which include the state's General Fund as well as certain capital projects funds. The State Treasurer issues general obligation debt for major campus construction projects. However, the colleges and universities are authorized to issue revenue bonds.

The University of Washington (UW) and Washington State University (WSU) issue general revenue bonds that are payable from general revenues, including student tuition, grant indirect cost recovery, sales and services revenue, and investment income. All other revenue bonds issued by colleges and universities pledge the income derived from acquired or constructed assets such as housing, dining, and parking facilities. These revenue bonds are payable solely from, and secured by, fees and revenues derived from the operation of constructed facilities. The legal liability for the bonds and the ownership of the college and university assets reside with the state.

Colleges and universities do not have separate corporate powers and sue and are sued as part of the state with legal representation provided through the state Attorney

General's Office. Since the colleges and universities are legally part of the state, their financial operations, including their blended component units, are reported in the state's financial statements using the fund structure prescribed by GASB.

Retirement Systems. The state of Washington, through the Department of Retirement Systems (DRS), administers eight retirement systems for public employees of the state and political subdivisions: the Public Employees' Retirement System, the Teachers' Retirement System, the School Employees' Retirement System, the Law Enforcement Officers' and Firefighters' Retirement System, the Washington State Patrol Retirement System, the Public Safety Employees' Retirement System, the Judicial Retirement System, and the Judges' Retirement Fund. The director of DRS is appointed by the Governor.

There are three additional retirement systems administered outside of the DRS. The Volunteer Firefighters' and Reserve Officers' Relief and Pension Fund is administered through the State Board for Volunteer Firefighters and Reserve Officers, which is appointed by the Governor. The Judicial Retirement Account is administered through the Administrative Office of the Courts under the direction of the Board for Judicial Administration. The Higher Education Retirement Plan Supplemental Benefit Fund Plans are administered by the state's colleges and universities.

The Legislature establishes laws pertaining to the creation and administration of all public retirement systems. The participants of the public retirement systems, together with the state, provide funding for all costs of the systems based upon actuarial valuations. The state establishes benefit levels and approves the actuarial assumptions used in determining contribution levels.

All of the aforementioned retirement systems are included in the primary government's financial statements.

Blended Component Units

Blended component units, although legally separate entities, are part of the state's operations in substance. Accordingly, they are reported as part of the state and blended into the appropriate funds. Financial information for the state's blended component units may be obtained from the Office of Financial Management, Accounting Division, P.O. Box 43127, Olympia, WA 98504-3127. The following entities are blended in the state's financial statements:

Tobacco Settlement Authority was created by the Legislature in March 2002 as a public instrumentality separate and distinct from the state. It is governed by a five-member board appointed by the Governor. It was

created solely for the purpose of issuing bonds to securitize a portion of the state's future tobacco settlement revenue. Proceeds of the debt instrument were transferred to the state to help fund health care, long-term care, and other programs of the state. Refer to Note 7.A for additional information.

University of Washington Physicians (UWP) was established for the exclusive benefit of the University of Washington School of Medicine (UWSOM). UWP employs UWSOM faculty and bills and collects for their clinical services as an agent for UWSOM.

UW Medicine Neighborhood Clinics (UW Neighborhood Clinics) were established for the exclusive benefit of the UWSOM, UWP and its affiliated medical centers, Harborview Medical Center, and the UW Medical Center (UWMC). The UW Neighborhood Clinics were organized to coordinate and develop patient care in a community clinical setting. They enhance the academic environment of UWSOM by providing additional sites of primary care practice and training for faculty, residents, and students.

Washington Biomedical Research Properties I and II, and Washington Biomedical Research Facilities 3, 3.2, and 3.3 were formed to acquire, construct, or renovate certain real properties for the benefit of the UW in fulfilling its educational, medical, or scientific research missions.

Portage Bay Insurance (PBI) was established to provide the UW with alternative risk financing options for self-insurance reserves. PBI is responsible for insuring UW for medical professional liability, educator's legal liability including employment practices liability, and general, and automobile liability.

TOP and FYI Properties were formed to design and construct office facilities to house state employees. The facilities were financed with tax-exempt obligations that meet the requirements of Revenue Ruling 63-20 and Revenue Procedure 82-26 issued by the Internal Revenue Service.

Students Book Corporation is a legally separate entity, owned by the students of WSU, which operates bookstores on each of the WSU campuses.

Washington State University Alumni Association (WSUAA) is a 501(c)3 corporation that is focused on proactively increasing WSUAA membership and expanding the ways alumni and friends of WSU can become engaged with the University.

Discrete Component Units

Discretely presented component units are reported in a separate column in the government-wide financial statements. Discretely presented component units are legally separate from the state and primarily serve or benefit those outside of the state. They are financially accountable to the state or have relationships with the state such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These entities are reported as discrete component units because state officials either serve on or appoint the members of the governing bodies of the institutions. The state also has the ability to influence the operations of the institutions through legislation.

The state's discrete component units each have a year end of June 30 with the exception of the Washington Economic Development Finance Authority which has a December 31 year end.

The following entities are discretely presented in the financial statements of the state in the component unit's column:

Fred Hutchinson Cancer Center (FHCC) was created in April 2022 from the merger of Seattle Cancer Care Alliance (SCCA) and Fred Hutchinson Cancer Research Center, along with the execution of the Restructuring and Enhanced Collaboration Agreement between the UW and FHCC. FHCC is focused on adult oncology research and care that is a clinically integrated part of UWMC.

Financial reports of FHCC may be obtained at the following address:

Fred Hutchinson Cancer Center
1100 Fairview Ave N
Seattle, WA 98109-1024

Valley Medical Center (VMC) was created July 1, 2011, through a strategic alliance between UW Medicine and Public Hospital District No. 1 of King County. Valley Medical Center owns and operates a 341-bed full service acute care hospital and more than 50 specialty clinics located throughout south King County.

Financial reports of VMC may be obtained at the following address:

Valley Medical Center
400 S. 43rd Street
Renton, WA 98055

The **Washington Health Benefit Exchange** (Exchange) was created by the Legislature to implement a central marketplace for individuals, families, and small employers to shop for health insurance and access federal tax credits pursuant to the Patient Protection and

Affordable Care Act of 2010. Federal grant funding financed the Exchange design, development, and implementation phases as well as the first full year of operation during 2014. Beginning in 2015, the Exchange became self-sustaining through Medicaid program cost reimbursements, premium tax assessments, and other assessments.

Financial reports of the Exchange may be obtained at the following address:

Washington Health Benefit Exchange
810 Jefferson Street SE
Olympia, WA 98501

The **Washington State Public Stadium Authority (PSA)** was created by the Legislature to acquire, construct, own, and operate a football/soccer stadium, exhibition center, and parking garage. Construction was completed in 2002.

Financial reports of the PSA may be obtained at the following address:

Washington State Public Stadium Authority
Lumen Field & Event Center
800 Occidental Avenue South, #700
Seattle, WA 98134

The **Washington Economic Development Finance Authority**, the **Washington Health Care Facilities Authority**, the **Washington Higher Education Facilities Authority**, and the **Washington State Housing Finance Commission** (financing authorities) were created by the Legislature in a way that specifically prevents them from causing the state to be liable or responsible for their acts and obligations including, but not limited to, any obligation to pay principal and interest on financing authority bonds. The financing authorities cannot obligate the state, either legally or morally, and the state has not assumed any obligation of, or with respect to, the financing authorities.

Financial reports of these financing authorities may be obtained from each authority at the following addresses:

Washington Health Care Facilities Authority
410 11th Avenue SE, Suite 201
Olympia, WA 98501

Washington State Housing Finance Commission
Washington Higher Education Facilities Authority
Washington Economic Development Finance Authority
1000 Second Avenue, Suite 2700
Seattle, WA 98104

Joint Ventures

The UW and Seattle Children's Hospital established **Children's University Medical Group (CUMG)** to assist the organizations in carrying out their pediatric patient care, as well as charitable, educational, and scientific missions.

CUMG employs UWSOM faculty physicians and bills and collects for their services as an agent for UWSOM. The UW records revenue from CUMG based on the income distribution plan effective December 31, 2008. The UW's patient services receivable includes amounts due from CUMG of \$18.3 million in 2023.

Separate financial statements for CUMG may be obtained from:

Children's University Medical Group
4500 Sand Point Way NE, Suite 100
Seattle, WA 98105

In October 2018, the UW became an equity member in PNWCIN, LLC dba Embright, a Limited Liability Company. Embright is jointly owned by the UW, MultiCare Health System, and LifePoint Health. As a clinically integrated network owned by healthcare provider organizations, Embright enables the members to partner together to further the Triple Aim of improving the patient care experience and improving the health of populations while reducing costs. Together, the members represent 21 hospitals, more than 8,500 providers, and over 1,500 clinics. As of June 30, 2023, the UW's ownership interest in Embright totaled \$2.2 million.

Financial reports of Embright may be obtained at the following address:

Embright
1114 Post Avenue
Seattle, WA 98101

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The state presents two basic government-wide financial statements: the Statement of Net Position and the Statement of Activities. These government-wide financial statements report information on all non-fiduciary activities of the primary government and its component units. The financial information for the primary government is distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities

are financed in whole or in part by fees charged to external parties for goods and services.

Statement of Net Position. The Statement of Net Position presents the state's non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. As a general rule, balances between governmental and business-type activities are eliminated.

Statement of Activities. The Statement of Activities reports the extent to which each major state program is supported by general state revenues or is self-financed through fees and intergovernmental aid. For governmental activities, a major program is defined as a function. For business-type activities, a major program is an identifiable activity.

Program revenues offset the direct expenses of major programs. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues are identified using the following criteria:

- Charges to customers for goods and services of the program. A customer is one who directly benefits from the goods or services or is otherwise directly affected by the program, such as a state citizen or taxpayer, or other governments or nongovernmental entities.
- Amounts received from outside entities that are restricted to one or more specific program. These amounts can be operating or capital in nature.
- Earnings on investments that are restricted to a specific program.

General revenues consist of taxes and other items not meeting the definition of program revenues.

Generally, the effect of internal activities is eliminated. Exceptions to this rule include charges between the workers' compensation insurance programs and various other state programs and functions. Elimination of these charges would distort the direct costs and revenues reported for the various activities involved.

Fund Financial Statements

The state uses 783 accounts that are combined into 53 rollup funds. The state presents separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements, with nonmajor funds being combined into a single column regardless of fund type. Internal service and fiduciary funds are reported by fund type. Major funds include:

Major Governmental Funds:

- **General Fund** is the state’s primary operating fund. This fund accounts for all financial resources and transactions not accounted for in other funds.
- **Higher Education Special Revenue Fund** primarily accounts for tuition, student fees, and grants and contracts received for educational and research purposes.
- **Higher Education Endowment and Other Permanent Funds** accounts for gifts and bequests that the donors have specified must remain intact. Each gift is governed by various restrictions on the investment and use of the income earned on investments.

Major Enterprise Funds:

- **Workers’ Compensation Fund** accounts for the workers' compensation program that provides medical, time-loss, and disability benefit payments to qualifying individuals sustaining work-related injuries.
- **Unemployment Compensation Fund** accounts for the unemployment compensation program. It accounts for the deposit of funds, requisitioned from the Federal Unemployment Trust Fund, to provide services to eligible participants within the state and to pay unemployment benefits.
- **Higher Education Student Services Fund** is used by colleges and universities principally for bookstore, cafeteria, parking, student housing, food service, and hospital business enterprise activities.
- **Health Insurance Fund** is used to account for premiums collected and payments for public and school employees’ insurance benefits.

The state includes the following nonmajor funds:

Nonmajor Governmental Funds:

- **Special Revenue Funds** account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, other governments, or for major capital projects) that are restricted or committed to expenditures for specific purposes. These include a variety of state programs including public safety and health assistance programs; natural resource and wildlife protection and management programs; the state’s transportation programs which include the operation of the state’s ferry system and maintenance and preservation of interstate and non-interstate highway systems; driver licensing, highway and non-highway operations, and capital improvements; K-12 school construction; and

construction and loan programs for local public works projects.

- **Debt Service Funds** account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the state’s bonds issued in support of governmental activities.
- **Capital Projects Funds** account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of major state-owned capital facilities (other than highway infrastructure or those financed by proprietary funds).
- **Common School Permanent Fund** accounts for the principal derived from the sale of timber. Interest earned is used for the benefit of common schools.

Nonmajor Proprietary Funds:

- **Enterprise Funds** account for the state’s business type operations for which a fee is charged to external users for goods or services including: the state lottery, vocational/education programs at correctional institutions, the Guaranteed Education Tuition program, paid family and medical leave compensation, and other activities.
- **Internal Service Funds** account for the provision of legal, motor pool, data processing, risk management, and other services by one department or agency to other departments or agencies of the state on a cost-reimbursement basis.

Nonmajor Fiduciary Funds:

- **Pension (and other employee benefit) Trust Funds** are used to report resources that are required to be held in trust by the state for the members and beneficiaries of defined benefit pension plans, defined contribution pension plans, and other employee benefit plans.
- **Investment Trust Funds** account for the external portion of the local government investments, which is reported by the state as the sponsoring government.
- **Private-Purpose Trust Funds** are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments such as the administration of unclaimed property.
- **Custodial Funds** account for resources held by the state in a custodial capacity for other governments, private organizations, or individuals that are not

required to be reported in pension (and other employee benefit) trust funds, investment funds, or private-purpose trust funds.

Operating and Nonoperating Revenues and Expenses. The state's proprietary funds make a distinction between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing goods and services directly related to the principal operations of the funds. For example, operating revenues for the state's workers' compensation and health insurance funds consist of premiums and assessments collected. Operating expenses consist of claims paid to covered individuals, claims adjustment expenses, costs of commercial insurance coverage, and administrative expenses. Revenue from the federal government for unemployment benefits is also reported as operating revenues for the Unemployment Compensation Fund as this revenue source provides significant funding for the payment of unemployment benefits – the fund's principal activity. All revenues and expenses not meeting this definition are reported as nonoperating, including interest expense and investment gains and losses.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

For government-wide reporting purposes, the state uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

For fund statement reporting purposes, the state uses the current financial resources measurement focus and modified accrual basis of accounting for governmental funds. With the current financial resources measurement focus, generally only current assets, current liabilities, deferred outflows of resources, and deferred inflows of resources are included on the governmental funds balance sheet. Operating statements for these funds present inflows (i.e., revenues and other financing sources) and outflows (i.e., expenditures and other financing uses) of expendable financial resources.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably estimated. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Primary revenues that are determined to be susceptible to accrual

include sales taxes, business and occupation taxes, motor fuel taxes, federal grants-in-aid, and charges for services.

Revenues from property taxes are determined to be available if collectible within 60 days. Taxes imposed on exchange transactions are accrued when the underlying exchange transaction occurs if collectible within one year. Revenue for timber cutting contracts is accrued when the timber is harvested. Revenues from licenses, permits, and fees related to a future time period are recognized when received in cash. Revenues related to expenditure-driven grant agreements are recognized when the qualifying expenditures are made, provided that the availability criteria are met. Expenditure-driven grant revenue is considered available if it can be collected by the state at the same time cash is disbursed to cover the associated grant expenditure. Pledges are accrued when the eligibility requirements are met and resources are available. All other accrued revenue sources are determined to be available if collectible within 12 months.

Property taxes are levied in December for the following calendar year. The first half-year collections are due by April 30, and the second half-year collections are due by October 31. Since the state is on a fiscal year ending June 30, the first half-year collections are recognized as revenue if collectible within 60 days of the fiscal year end. The second half-year collections are recognized as receivables offset by unavailable revenue. The lien date on property taxes is January 1 of the tax levy year.

Under modified accrual accounting, expenditures are generally recognized when the related liability is incurred. However, unmatured interest on general long-term obligations is recognized when due. Certain liabilities including compensated absences, other postemployment benefits, and claims and judgments are recognized when the obligations are expected to be liquidated with available spendable financial resources.

The state reports both unavailable and unearned revenues on its governmental fund balance sheet. Unavailable revenues arise when a potential revenue does not meet both the "measurable" and the "available" criteria for revenue recognition in the current period. Unearned revenues arise when resources are received by the state before it has a legal claim to them, such as when grant monies are received prior to incurring qualifying expenditures/expenses.

All proprietary and fiduciary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, liabilities, deferred outflows of resources, and deferred inflows of resources associated with the operations of these funds are included on their respective statements of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

All proprietary and fiduciary funds are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

1. Cash and Investments

Investments of surplus or pooled cash balances are reported on the accompanying Statements of Net Position, Balance Sheets, and Statements of Cash Flows as “Cash and Cash Equivalents.” The Office of the State Treasurer invests state treasury cash surplus where funds can be disbursed at any time without prior notice or penalty. For reporting purposes, pooled investments are stated at fair value or amortized cost, which approximates fair value. For purposes of reporting cash flows, the state considers cash and pooled investments to be cash equivalents. Pooled investments include short-term, highly-liquid investments that are both readily convertible to cash and are so near their maturity dates that they present insignificant risk of changes in value because of changes in interest rates.

The method of accounting for investments varies depending upon the fund classification. Investments in the state’s Local Government Investment Pool (LGIP), a qualified external investment pool, are reported at amortized cost which approximates fair value. The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, WA 98504-0200, online at: [LGIP Annual Comprehensive Financial Reports](#) or phone number (360) 902-9000. TTY users dial 711 to be connected to the state TTY operator.

The fair value of certain pension trust fund investments that are organized as limited partnerships and have no readily ascertainable fair values (including real estate, private equity, and tangible assets) has been determined by using the net asset value per share of the Pension Funds' ownership interest in partners' capital. These values are based on the individual investee’s capital account balance reported at fair value at the closest available reporting period, adjusted for subsequent activity. At June 30, 2023, these alternative investments are valued at \$90.72 billion. Because of the inherent uncertainties in the estimation of fair values, it is possible that the estimates will change in the near-term or the subsequent sale of assets will be different than the June 30, 2023, reported net asset value.

Short-term money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less

are reported at amortized cost. Nonparticipating contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

All other investments are reported at fair value. Fair values are based on published market prices, quotations from national security exchanges and security pricing services, or by the respective fund managers for securities that are not actively traded. Privately held mortgages are valued at cost, which approximates fair value. Additional disclosure describing investments is provided in Note 3.

2. Receivables and Payables

Receivables in the state’s governmental fund type accounts consist primarily of taxes and federal revenues. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria (refer to Note 1.C) have been met. All receivables are reported net of an allowance for accounts estimated to be uncollectible.

For government-wide reporting purposes, amounts recorded as interfund/interagency receivables and payables are eliminated in the governmental and business-type activities columns on the Statement of Net Position, except for the net residual balances due between the governmental and business-type activities, which are reported as internal balances.

Amounts recorded in governmental and business-type activities as due to or from fiduciary funds have been reported as due to or from other governments.

3. Inventories and Prepaids

Consumable inventories, consisting of expendable materials and supplies held for consumption, are valued and reported in the state’s financial statements if the fiscal year-end balance on hand at an inventory control point is estimated to be \$50,000 or more. Consumable inventories are valued at cost using either the first-in, first-out or weighted average methods. Donated consumable inventories are recorded at fair value.

All merchandise inventories are considered reportable for financial statement purposes. Merchandise inventories are generally valued at cost using the first-in, first-out or weighted average method. Inventories of governmental funds are valued at cost and recorded using the consumption method. Proprietary funds expense inventories when used or sold.

For governmental fund financial reporting, inventory balances are also recorded as a nonspendable fund balance indicating that they do not constitute “available spendable resources,” except for \$6.8 million in federally

donated consumable inventories, which are offset by unearned revenue because they are not earned until they are distributed to clients.

Prepaid items are those certain types of supplies and/or services (not inventory) that are acquired or purchased during an accounting period but not used or consumed during that accounting period.

In governmental fund type accounts, prepaid items are generally accounted for using the purchases method. Under the purchases method, prepaid items are treated as expenditures when purchased and residual balances, if any, at year end are not accounted for as assets.

In proprietary and fiduciary fund type accounts, prepaid items are accounted for using the consumption method. The portion of supplies or services consumed or used during a period is recorded as an expense. The balance that remains is reported as an asset until consumed or used.

4. Restricted Assets

Certain cash, investments, and other assets are classified as restricted assets on the Statement of Net Position and Balance Sheet because their use is limited by debt covenants, escrow arrangements, or other regulations.

5. Capital Assets

Capital assets are tangible and intangible assets held and used in state operations, which have a service life of more than one year and meet the state's capitalization policy.

It is the state's policy to capitalize:

- All land, including land use rights with indefinite lives acquired with the purchase of the underlying land, and ancillary costs.
- The state highway system operated by the Department of Transportation.
- Infrastructure, other than the state highway system, with a cost of \$100,000 or more.
- Buildings, building improvements, improvements other than buildings, and leasehold improvements with a cost of \$100,000 or more.
- Intangible assets (excluding intangible right-to-use lease assets), either purchased or internally developed, with a cost of \$1 million or more that are identifiable by meeting one of the following conditions:
 - The asset is capable of being separated or divided and sold, transferred, licensed, rented, or exchanged.

- The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable.
- Lease assets with total payments over the lease term of \$500,000 or greater.
- All capital assets acquired with Certificates of Participation, a debt financing program administered by the Office of the State Treasurer.
- All other capital assets with a unit cost (including ancillary costs) of \$5,000 or greater, or collections with a total cost of \$5,000 or greater.

Assets acquired by lease-to-own agreements are capitalized if the assets' fair value meets the state's capitalization thresholds described above.

Purchased capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Capital asset costs include the purchase price plus those costs necessary to place the asset in its intended location and condition for use (ancillary costs). Normal maintenance and repair costs that do not materially add to the value or extend the life of the state's capital assets are not capitalized.

Donated capital assets, works of art, and historical treasures are valued at their estimated acquisition value on the date of donation, plus all appropriate ancillary costs. When the acquisition value is not practically determinable due to lack of sufficient records, estimated cost is used. Where necessary, estimates of value are derived by factoring price levels from the current period to the time of acquisition.

State agencies are not required to capitalize art collections, library reserve collections, and museum and historical collections that are considered inexhaustible, in that their value does not diminish over time, if all of the following conditions are met:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to policy requirements that the proceeds from sales of collection items be used to acquire other items for the collection.

Depreciation/amortization is calculated using the straight-line method over the estimated useful lives of the assets, excluding intangible right-to-use lease assets and subscription assets.

Generally, estimated useful lives are as follows:

Buildings & building components	5-50 years
Furnishings, equipment, and collections	3-50 years
Other improvements	3-50 years
Intangibles	3-50 years
Infrastructure	20-50 years

The cost and related accumulated depreciation/amortization of disposed capital assets are removed from the accounting records.

The state capitalizes the state highway system as a network but does not depreciate it since the system is being preserved approximately at or above a condition level established by the state. That condition level is documented and disclosed in the Required Supplementary Information. Additionally, the highway system is managed using an asset management system that includes:

- Maintenance of an up-to-date inventory of system assets.
- Performance of condition assessments of the assets at least every three years with summarization of the results using a measurement scale.
- Annual estimation of the amount to maintain and preserve the assets at the condition level established and disclosed.

All state highway system expenditures that preserve the useful life of the system are expensed in the period incurred. Additions and improvements that increase the capacity or efficiency of the system are capitalized. This approach of reporting condition instead of depreciating the highway system is called the modified approach.

For government-wide financial reporting purposes, capital assets of the state are reported as assets in the applicable governmental or business-type activities column on the Statement of Net Position. Depreciation/amortization expense related to capital assets is reported in the Statement of Activities.

Capital assets and the related depreciation/amortization expense are also reported in the proprietary fund financial statements.

In governmental funds, capital assets are not capitalized in the accounts that acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in the year assets are acquired or construction costs are incurred. No depreciation/amortization is reported.

6. Leases and Subscription-Based Information Technology Arrangements

Lessee and Subscription-Based Information Technology Arrangement (SBITA) Activities. The state is a lessee for various noncancellable leases of land, buildings, equipment, and vehicles. The state also has noncancellable SBITAs for the right to use information technology hardware and software.

For leases and SBITAs that meet the capitalization threshold, the state recognizes a lease or subscription liability, respectively, and an intangible right-to-use lease asset or subscription asset (capital assets), respectively, on the Statement of Net Position in the government-wide and proprietary and fiduciary fund financial statements.

For governmental fund financial reporting, the initial value of the lease or subscription liability is reported as other financing sources with a corresponding capital outlay at lease or subscription commencement.

The lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the amount of the lease liability, plus any lease payments made at or before the lease commencement date and initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the state is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

The subscription liability is initially measured at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the amount of the subscription liability, plus any subscription payments made at or before the subscription commencement date and capitalizable implementation costs, less any vendor incentives received at or before the subscription commencement date. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

Generally, the state's incremental borrowing rate is used as the discount rate for leases and SBITAs unless the rate that the lessor/vendor charges is known. The incremental borrowing rate for leases is based on the rate of interest the state would be charged if it issued certificates of

participation to borrow an amount equal to the payments for a similar asset type and under similar terms at the commencement or remeasurement date. The University of Washington and Washington State University each use an incremental borrowing rate specific to their university as the discount rate for leases and SBITAs.

The lease or subscription term includes the noncancellable periods of the lease or SBITA, respectively, plus any additional periods covered by either the state or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the state and the lessor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease or subscription term.

Certain payments are evaluated to determine if they should be included in the measurement of the lease and subscription liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, purchase options, payments for termination penalties, and other payments.

The state monitors changes in circumstances that may require remeasurement of a lease or subscription liability. When certain changes occur that are expected to significantly affect the amount of the lease, the liability is remeasured and a corresponding adjustment is made to the lease or subscription asset.

For leases and SBITAs below the capitalization threshold and leases and SBITAs with a maximum possible term of 12 months or less at commencement, an expense/expenditure is recognized based on the provisions of the contract.

Lessor Activities. The state is a lessor for various noncancellable leases of land, buildings, and other assets such as communication towers.

For leases that meet the capitalization threshold, at lease commencement, the state recognizes a lease receivable and a deferred inflow of resources on the Statement of Net Position in the government-wide and proprietary and fiduciary fund financial statements and on the governmental funds Balance Sheet.

The lease receivable is initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the amount of the lease receivable, plus lease payments made at or before the lease commencement date, less any lease incentives paid to, or on behalf of, the lessee at or before

the lease commencement date. Subsequently, the deferred inflow of resources is recognized as lease revenue on a straight-line basis over the lease term.

Generally, the state's incremental borrowing rate for leases is used as the discount rate for lease receivables. The University of Washington and Washington State University each use an incremental borrowing rate specific to their university as the discount rate for lease contracts where the university is the lessor.

The lease terms include the noncancellable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the state have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease term.

The state monitors changes in circumstances that may require remeasurement of a lease receivable. When certain changes occur that are expected to significantly affect the amount of the lease, the receivable is remeasured and a corresponding adjustment is made to the deferred inflow of resources.

For leases below the capitalization threshold and leases with a maximum possible term of 12 months or less at commencement, revenue is recognized based on the provisions of the lease contract.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Refer to Note 12 for a disaggregation of deferred outflows of resources and deferred inflows of resources.

Unavailable revenue arises only under the modified accrual basis of accounting, and so is reported only on the governmental funds Balance Sheet. Governmental funds report deferred inflows for unavailable revenues primarily from two sources: taxes and long-term receivables. These

amounts are recognized as inflows of resources in the periods that the amounts become available.

8. Compensated Absences

State employees accrue vested vacation leave at a variable rate based on years of service. In general, accrued vacation leave cannot exceed 240 hours at the employee's anniversary date.

Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested (i.e., the state does not pay employees for unused sick leave upon termination except upon employee death or retirement). At death or retirement, the state is liable for 25 percent of the employee's accumulated sick leave. In addition, the state has a sick leave buyout option in which, each January, employees who accumulate sick leave in excess of 480 hours may redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave.

It is the state's policy to liquidate its compensated absences obligations with future resources rather than advance funding it with available spendable financial resources.

For government-wide reporting purposes, the state reports compensated absences obligations as liabilities in the applicable governmental or business-type activities columns on the Statement of Net Position.

For fund statement reporting purposes, governmental funds recognize an expenditure for annual and sick leave when it is payable (i.e., upon employee's use, resignation, death or retirement). Proprietary funds recognize the expense and accrue a liability for annual leave and estimated sick leave buyout, including related payroll taxes and benefits, as applicable, as the leave is earned.

9. Long-Term Liabilities

In the government-wide and proprietary fund financial statements, long-term obligations of the state are reported as liabilities on the Statement of Net Position. Bonds payable are reported net of applicable original issuance premiums or discounts. When material, bond premiums and discounts are deferred and amortized over the life of the bonds.

For governmental fund financial reporting, the face (par) amount of debt issued is reported as other financing sources. Premiums and discounts on original debt issuance are also reported as other financing sources and uses, respectively. Issuance costs are reported as debt service expenditures.

10. Net Position/ Fund Balance

In governmental fund type accounts, the difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources is called fund balance. Fund balance is reported in classifications which reflect the extent to which the state is bound to honor constraints on the purposes for which the amounts can be spent. Classifications include:

- **Nonspendable** fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- **Restricted** fund balance represents amounts for which constraints are placed on their use by the state Constitution, enabling legislation, or external resource providers such as creditors, grantors, or laws or regulations of other governments.
- **Committed** fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by state law as adopted by the state Legislature. The commitment remains in place until the Legislature changes or eliminates the state law.
- **Assigned** fund balance represents amounts that are intended for a specific purpose by management, but are neither restricted nor committed. Generally, assignment is expressed by joint legislative and executive staff action.
- **Unassigned** fund balance represents the residual amount for the General Fund that is not contained in the other classifications. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When resources meeting more than one of the classifications (excluding nonspendable) are comingled in an account, assuming that the expenditure meets the constraints of the classification, the assumed order of spending is restricted first, committed second, and finally assigned.

For government-wide reporting as well as in proprietary funds, the difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- **Restricted** net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- **Unrestricted** net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the state's policy to use restricted resources first and then use unrestricted resources as they are needed.

In fiduciary funds, net position is held in trust for individuals and external organizations.

E. OTHER INFORMATION

1. Insurance Activities

Workers' Compensation. Title 51 RCW establishes the state of Washington's Workers' Compensation Program. The statute requires all employers to secure coverage for job-related injuries and diseases, with few exceptions, through the Workers' Compensation Fund or through self-insurance.

Direct private insurance is not authorized, although self-insurers are permitted to reinsure up to 80 percent of their obligations through private insurers.

The Workers' Compensation Fund, an enterprise fund, is used to account for the Workers' Compensation Program which provides time-loss, medical, vocational, disability, and pension benefits to qualifying individuals sustaining work-related injuries or illnesses. The main benefit plans of the Workers' Compensation Program are funded based on rates that will keep these plans solvent in accordance with recognized actuarial principles. The supplemental pension plan supports cost-of-living adjustments (COLAs) granted for time-loss and disability payments; however, these are funded on a pay-as-you-go basis. By statute, the state is only allowed to collect enough revenue to fund the current COLA payments.

Premiums are based on individual employers' reported payroll hours and insurance rates based on each employer's risk classification(s) and past experience,

except for the Supplemental Pension Fund premiums which are based on a flat rate per hours worked independent of risk class or past experience. In addition to its regular premium plan which is required for all employers, the Workers' Compensation Fund offers a voluntary retrospective premium-rating plan under which premiums are subject to three annual adjustments based on group and individual employers' loss experience. Initial adjustments to the standard premiums are paid to or collected from the groups and individual employers approximately ten months after the end of each plan year.

The Department of Labor and Industries, as administrator of the Workers' Compensation Program, establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have already occurred. The length of time for which such costs must be estimated varies depending on the benefit involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liabilities, claims adjudication, and judgments, the process used in computing claims liabilities does not necessarily result in an exact amount.

Claims payable are recomputed quarterly using a variety of actuarial and statistical techniques. These techniques are used to produce current estimates that reflect recent settlements, claim frequency, expected inflation, and other economic, legal, and social factors. Adjustments to claims payable are charged or credited to claims expense in the periods in which they are made.

The Workers' Compensation Program purchases catastrophe reinsurance for risks in excess of its retention on the workers' compensation insurance policy to reduce its exposure to the financial risks associated with a catastrophe. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Workers' Compensation Program as direct insurer of the risks reinsured.

Amounts that are recoverable from reinsurers and that relate to paid claims and claim adjustment expenses are classified as assets, with an allowance for estimated uncollectible amounts. Estimated amounts recoverable from reinsurers that relate to the liabilities for unpaid claims and claims adjustment expenses are deducted from those liabilities. Ceded unearned premiums are netted with related unearned premiums. Receivables and payables from the same reinsurer, including amounts withheld, are netted. Reinsurance premiums ceded and reinsurance recoveries on claims are netted against related earned premiums and incurred claims costs in the Statement of Revenues, Expenses, and Changes in Net Position.

The Department of Labor and Industries prepares a stand-alone financial report for its Workers'

Compensation Program. Copies of the report that include financial statements and required supplementary information may be obtained by writing to Washington State Department of Labor and Industries, PO Box 44000, Olympia, WA 98504-4000 or by visiting their website at: [State Fund Financial Reports](#).

Risk Management. The state of Washington operates a self-insurance liability program pursuant to RCW 4.92.130. The state's policy is generally not to purchase commercial insurance for the risk of losses to which it is exposed. Instead, the state's management believes it is more economical to manage its risks internally and set aside assets for claims settlement in the Risk Management Fund, an internal service fund. Coverage is provided up to \$10 million for each claim with no deductible. Commercial insurance is purchased for various liabilities and to limit the exposure to catastrophic losses. Otherwise, the self-insurance liability program services all claims against the state for injuries and property damage to third parties. The majority of state funds and agencies participate in the self-insurance liability program in proportion to their anticipated exposure to liability losses.

Health Insurance. The state of Washington, through the Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) Programs, administers and provides medical, vision, dental, life, and long-term disability insurance benefits for eligible state employees, school employees, retirees, and their dependents. Employer groups, comprised of counties, municipalities, political subdivisions, tribal governments, the Washington Health Benefit Exchange, and employee organizations representing state civil service employees are allowed to contract with the state to provide these benefits to their employees through the PEBB Program. The state establishes eligibility requirements and approves the plan design of all participating insurers.

The Health Insurance Fund is accounted for as an enterprise fund.

The state and the employee contribute to the total monthly premium for benefits. The state's share of the cost of benefits is based on a per capita amount determined annually by the Legislature, which is allocated to state agencies and school districts. The employee's share is determined by the benefit coverages elected by the employee.

The Health Care Authority (HCA), as administrator of the PEBB and SEBB Programs, collects the total monthly premium. State agencies and school districts submit payment for each eligible employee. Separated employees, employees who lose eligibility, and employees who are temporarily not in pay status are able to continue benefits on a self-pay basis for medical and dental benefits. Retirees also pay for benefits on a self-pay basis.

Employer groups submit payment to HCA for the total cost of their employees' benefits. For additional information, refer to Note 16.

The state secures commercial insurance for certain coverage offered in addition to plans offered via the Uniform Medical Plan, the state's self-insured offering. The Uniform Medical Plan enrolled approximately 57 percent of the eligible subscribers in fiscal year 2023. Claims are paid from premiums collected, and claims adjudication is contracted through a third-party administrator.

Considerations in calculating liabilities include frequency of claims, administrative costs, industry inflation trends, advances in medical technology, and other social and economic factors. Liabilities include an amount for claims incurred but not reported.

2. Postemployment Benefits

COBRA. In compliance with federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the state offers health and dental benefits on a temporary basis to qualified beneficiaries whose benefit coverage would otherwise end because of a qualifying event such as loss of employment. COBRA coverage is available on a self-paid basis and is the same medical and dental coverage available to state employees.

Medical Expense Plan. As disclosed in Note 1.D, at the time of separation from state service due to retirement or death, the state offers a 25 percent buyout of an employee's accumulated sick leave. Individual state agencies may offer eligible employees a medical expense plan (MEP) that meets the requirements of the Internal Revenue Code. Agencies offering an MEP deposit the retiring employee's sick leave buyout in the MEP for reimbursement of medical expenses.

Retirement Benefits. Refer to Note 15 Retirement Plans and Note 16 Other Postemployment Benefits.

3. Interfund/Interagency Activities

The state engages in two major categories of interfund/interagency activity: reciprocal and nonreciprocal. Reciprocal interfund/interagency activity is the internal counterpart to exchange and exchange-like transactions and includes both interfund loans and services provided and used. Nonreciprocal activity is nonexchange in nature and includes both transfers and reimbursements.

4. Donor-restricted Endowments

The state of Washington reports endowments in higher education endowment and other permanent accounts. These accounts are established outside of the state

treasury for use by the higher education institutions. There is no state law that governs endowment spending; rather, the policies of individual university and college boards govern the spending of net appreciation on investments.

Under the current spending policies, distributions to programs approximate an annual percentage rate of 3.76 percent of a five-year rolling average of the endowments' market valuation.

The net appreciation available for authorization for expenditure by governing boards totaled \$1.14 billion. This amount is reported as restricted for expendable endowment funds on the government-wide Statement of Net Position.

Note 2

Accounting and Reporting Changes

Reporting Changes. Effective for fiscal year 2023, the state adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by clarifying the definition of conduit debt and establishes standards for accounting and financial reporting.

Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*. This statement establishes accounting and financial reporting guidance for arrangements between governments and an external entity. PPP arrangements generally result in the government conveying control of the right to operate or use a capital asset to an external entity for a period of time in an exchange or exchange-like transaction. APAs are agreements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This statement establishes accounting and financial reporting guidance for SBITAs. A SBITA is defined as a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible underlying IT assets, in an exchange or exchange-like transaction for a period exceeding 12 months. The government is required to recognize a subscription liability and an intangible right-to-use subscription asset. Cash outlays necessary to place the subscription asset in service can be capitalized during the initial project implementation stage.

Statement No. 99, *Omnibus 2022*. This statement improves consistency by addressing practice issues

identified during implementation and application of certain GASB statements and addressing accounting and financial reporting for financial guarantees.

Prior Period Adjustments. The state recorded an increase to the beginning fund balance of \$327 thousand in the Higher Education Student Services Fund, a major enterprise fund, and an increase of \$331 thousand in the Higher Education Revolving Fund, an internal service fund, as a result of implementing GASB Statement No. 96.

The state recorded a decrease of \$650 thousand in the beginning fund balance in the Higher Education Special Revenue Fund, a major governmental fund, a decrease in beginning fund balance of \$307 thousand in the Higher Education Facilities Fund, a non-major governmental fund, and an increase of \$84 thousand in beginning fund balance in the Higher Education Student Services Fund, a major enterprise fund. This was a result of lease activity that should have been previously recorded under GASB Statement No. 87.

The state recorded an increase of \$4.5 million in the beginning fund balance in the Higher Education Special Revenue Fund, a major governmental fund, a decrease of \$1.9 million in beginning fund balance in the Higher Education Facilities Fund, a non-major governmental fund, a decrease of \$70.0 million in beginning fund balance in the Higher Education Student Services Fund, a major enterprise fund, an increase of \$70.3 million in beginning fund balance of the General Obligation Bond Fund, a non-major governmental fund, and an increase of \$23.9 million in Other Custodial Funds, a fiduciary fund, due to corrections of errors.

The state recorded an increase of \$220.1 million in the beginning fund balance in the General Fund for federal revenues that the U.S. Department of Health and Human Services, Center for Medicare and Medicaid Services determined the state had not drawn in previous fiscal years.

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The state recorded an increase of \$5.1 million in beginning net position in the Unemployment Compensation Fund, a major enterprise fund, to adjust the prior year liabilities for claims collected for overpayments that are due to the federal government.

The Health Benefit Exchange, a major component unit, recorded a decrease in beginning net position of \$166 thousand as a result of implementing GASB Statement No. 96.

The Public Stadium Authority, a nonmajor component unit, recorded an increase in beginning net position of \$29 thousand for transactions recorded in the component unit's fiscal year 2022 financial statements after the state of Washington's fiscal year 2022 Annual Comprehensive Financial Report was published.

Governmental Capital Assets and Long-term Obligations. The state recorded an increase to the beginning balance of governmental capital assets of \$139.8 million and an increase to the beginning balance of long-term obligations associated with governmental funds of \$111.1 million as a result of implementing GASB Statement No. 96.

The state recorded an increase to the beginning balance of governmental capital assets of \$4.8 million and an increase to the beginning balance of long-term obligations associated with governmental funds of \$5.0 million to record lease activity that should have previously been recorded per GASB Statement No. 87.

Net position/fund balance at July 1, 2022, has been restated as follows (expressed in thousands):

	Net position/fund balance (deficit) at June 30, 2022, as previously reported	Prior Period Adjustment	Net position/fund balance (deficit) at July 1, 2022, as restated
Governmental Funds:			
General	\$ 9,059,792	\$ 220,102	\$ 9,279,894
Higher Education Special Revenue	5,312,127	3,809	5,315,936
Higher Ed. Endowment & Other Permanent Funds	5,107,086	—	5,107,086
Nonmajor Governmental	9,937,335	68,062	10,005,397
Proprietary Funds:			
Enterprise Funds			
Workers' Compensation	(19,580,356)	—	(19,580,356)
Unemployment Compensation	3,458,819	5,079	3,463,898
Higher Education Student Services	1,393,623	(69,615)	1,324,008
Health Insurance	133,167	—	133,167
Nonmajor Enterprise	831,066	—	831,066
Internal Service Funds	(1,135,936)	331	(1,135,605)
Fiduciary Funds:			
Private-Purpose Trust Fund	12,553	—	12,553
Local Government Investment Pool	18,788,501	—	18,788,501
Pension (and Other Employee Benefit) Trust Funds	160,704,257	—	160,704,257
Custodial Funds	1,200,681	23,871	1,224,552
Component Units:			
Fred Hutchinson Cancer Center	944,383	—	944,383
Health Benefit Exchange	22,499	(166)	22,333
Valley Medical Center	224,040	—	224,040
Nonmajor Component Units	948,672	29	948,701

Note 3

Deposits and Investments

A. DEPOSITS

Custodial Credit Risk. Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, it is the risk that the state would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

The state minimizes custodial credit risk by restrictions set forth in state law. Statutes require state agencies to deposit funds in financial institutions that are physically located in Washington unless otherwise expressly permitted by statute and authorized by the Washington Public Deposit Protection Commission (PDPC). The PDPC, established under chapter 39.58 of the Revised Code of Washington (RCW), makes and enforces regulations and administers a collateral pool program to ensure public funds are protected if a financial institution becomes insolvent. Securities pledged are held by a trustee agent for the benefit of the collateral pool.

At June 30, 2023, \$1.21 billion of the state's deposits with financial institutions were insured or collateralized, with the remaining \$739 thousand uninsured/uncollateralized.

B. INVESTMENTS - PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS (PENSION TRUST FUNDS)

1. Summary of Investment Policies

Under RCW 43.33A.030, trusteeship of the pension trust funds is vested within the voting members of the Washington State Investment Board (WSIB). The Legislature has established a standard of care for investment of these funds in RCW 43.33A.140. Additionally, the WSIB and its staff must comply with other state laws, such as the Ethics in Public Service Act, chapter 42.52 RCW, in making investment decisions and seeking to meet investment objectives.

The pension trust funds consist of retirement contributions from employer and employee participants of the plans and related earnings on those contributions, as managed by the WSIB. The Washington State Retirement System is administered by the Department of Retirement Systems (DRS). The DRS acts as the administering agency for all plans, except for the Volunteer Firefighters' and Reserve Officers' Relief and Pension Fund, which is administered by the Board for Volunteer Firefighter and Reserve Officers, and the Higher Education Retirement Pension Supplemental Benefit Funds, which are administered by each higher

education entity. The WSIB has exclusive control of the investment of all money invested in the pension trust funds.

In accordance with RCW 43.33A.110, the WSIB manages the pension fund portfolio to achieve maximum return at a prudent level of risk. The WSIB establishes asset allocation targets that must be considered at all times when making investment decisions. The asset mix may deviate from the target. Deviations greater than predetermined acceptable levels require rebalancing back to the target. When an asset class exceeds its range, the goal of rebalancing is to meet the target allocation within consideration of the other remaining asset classes.

Eligible Investments. The WSIB is authorized by statute as having investment management responsibility for the pension trust funds. The WSIB is authorized to invest as provided by statute (chapter 43.33A RCW) and WSIB policy in the following: U.S. treasury bills; discount notes; repurchase agreements; reverse repurchase agreements; banker's acceptances; commercial paper; guaranteed investment contracts; U.S. government and agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; non-U.S. dollar bonds; investment grade corporate bonds; non-investment grade corporate bonds; publicly traded mortgage-backed securities; privately placed mortgages; private placements of corporate debt; U.S. and foreign common stock; U.S. preferred stock; convertible securities; private equity including but not limited to investment corporations, partnerships, and limited liability companies for venture capital, leveraged buy-outs, real estate and other tangible assets, or other forms of private equity; asset-backed securities; and derivative instrument securities including futures, options, options on futures, forward contracts, and swap transactions. There were no violations of these investment restrictions during fiscal year 2023.

Commingled Trust Fund. Pension trust funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments used as an investment vehicle for 20 separate retirement plans. These plans hold shares in the CTF which represent a percentage ownership in the pool of investments. Plans are allowed to purchase or sell shares in the CTF, based on the fair value of the underlying assets, on the first business day of each month.

In addition to share ownership in the CTF, most retirement plans hold short-term investments that are used to manage the cash needs of each retirement plan.

The CTF consists of the Public Employees' Retirement System (PERS) Plans 1 and 2/3; Teachers' Retirement System (TRS) Plans 1 and 2/3; School Employees' Retirement System (SERS) Plan 2/3; Law Enforcement Officers' and Firefighters' Retirement Plans 1 and 2, and

the Benefits Improvement Fund; Washington State Patrol Retirement System Plans 1 and 2; Public Safety Employees' Retirement System Plan 2; Volunteer Firefighters' and Reserve Officers' Relief and Pension Fund; and the Higher Education Retirement Pension (HERP) Supplemental Benefit Fund, which consists of plans for seven higher education entities: University of Washington, Washington State University, Eastern Washington University, Central Washington University, The Evergreen State College, Western Washington University, the State Board for Community and Technical Colleges, and the Retirement Strategy Fund (RSF). The CTF includes both the defined benefit and defined contribution portions of PERS Plan 3, TRS Plan 3, and SERS Plan 3, which are hybrid defined benefit/defined contribution plans. The CTF is a component of each RSF vintage years' glide path. The RSF is a self-directed investment option for the defined contribution and deferred compensation plans and programs. The participants of those plans have the option to direct their contributions to the CTF or invest their defined contributions in other external options not managed by the WSIB.

CTF Investment Policies and Restrictions. The CTF is comprised of public markets equities, fixed income securities, private equity investments, real estate, tangible assets, and an innovation portfolio. The CTF's performance objective is to exceed the return of two custom benchmarks, each consisting of public indices weighted according to asset allocation targets.

The asset allocation for the CTF is formally reviewed at least every four years. The allocation policy is reviewed more frequently if there has been a fundamental change in the structure of the capital markets or in the underlying cash flow or liability structure of the pension trust funds.

When fair values fall outside policy ranges, assets are rebalanced first by using normal cash flows and then through reallocations of assets across asset classes. In cases of a major rebalancing, the pension trust funds can utilize futures, forward contracts, and options in order to maintain exposure within each asset class and reduce transaction costs. Major rebalancing can occur to bring asset classes within their target ranges or when the pension trust funds are transitioning managers.

Public Markets Equity. To achieve the performance and diversification objectives of the pension trust funds, the public markets equity program seeks to achieve the highest return possible consistent with prudent risk management and the desire for downside protection, with passive equity strategies as the default whenever strategies with better risk/return profiles cannot be identified; provide diversification to the pension trust funds' overall investment program; maintain liquidity in public equity; and maintain transparency into all public equity strategies to the extent possible.

The public markets equity portion of the pension trust funds invests in publicly traded equities globally, including equity securities in the U.S., developed non-U.S. markets, and emerging markets. The program has a global benchmark, currently the Morgan Stanley Capital International (MSCI) All Country World Index Investable Market Index. A mix of external managers approved by the WSIB is used to manage the program. Passive management delivers broad diversified equity market exposure at low cost and is used when active managers cannot be identified and monitored appropriately. Passive management is also used when it is considered an appropriate alternative to active management, typically in more efficient markets. Active management is used when the pension trust funds can identify, access, and monitor successful managers in markets that are less efficient. Active management seeks to enhance the risk/return profile of the program.

Fixed Income. The fixed income segment is managed to achieve the highest return possible consistent with the desire to manage interest rate and credit risk, provide diversification to the overall investment program, provide liquidity to the pension trust funds investment program, and to meet or exceed the return of the Bloomberg U.S. Universal Index. Sources of outperformance are expected to include interest rate anticipation, sector rotation, credit selection, and diversification.

RCW 43.33A.140 prohibits a corporate fixed income issues cost from exceeding 3 percent of the CTF's fair value at the time of purchase and 6 percent of its fair value thereafter. However, the WSIB manages with a more restrictive concentration constraint, limiting exposure to any corporate issuer to 3 percent of the CTF fixed income portfolio's fair value at all times.

The fixed income portfolio is constrained by policy from investing more than 1 percent of the portfolio's par value in any single issuer with a quality rating below investment grade (as defined by Bloomberg Global Family of Fixed Income Indices). Total fair value of below investment grade credit bonds shall not exceed 15 percent of the fair value of the fixed income portfolio. Although below investment grade mortgage-backed, asset-backed, or commercial mortgage-backed securities may not be purchased, portfolio holdings that are downgraded to those levels or are no longer rated may continue to be held. The total fair value of below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities shall not exceed 5 percent of the fair value of the fixed income portfolio. The duration of the portfolio is targeted to be within plus or minus 25 percent of the duration of the Bloomberg U.S. Universal Index.

The major sector allocations of the fixed income portfolio are limited to the following ranges:

U.S. treasuries and government agencies	10% - 45%
Credit bonds	10% - 80%
Asset-backed securities	0% - 10%
Commercial mortgage-backed securities	0% - 10%
Mortgage-backed securities	5% - 45%

Asset allocation policy constraints may, from time to time, place unintended burdens on the portfolios. Therefore, policy exceptions are allowed under certain circumstances. These events include changes in market interest rates, portfolio rebalancing to strategic targets, and bond rating downgrades. The portfolio can remain outside of policy guidelines until it can be rebalanced without harming the portfolio.

Private Equity. Pension trust funds can be invested in any appropriate private equity investment opportunity that has the potential for returns superior to traditional investment opportunities and which is not prohibited by the WSIB's policies or by law. These investment types are generally divided into venture capital, corporate finance, growth equity, special situations, distressed, mezzanine, and other investments. Private equity investments are made through limited partnership or direct investment vehicles.

The private equity investment portfolio is managed to exceed the returns of the MSCI All Country World Index Investable Market Index, lagged by one calendar quarter, by 300 basis points in the long run. To meet the return and plan objectives, the private equity portfolio has diversified investments in companies in a variety of growth stages. The portfolio also includes a broad cross-section of opportunities in different industries and geographic regions.

Real Estate. The WSIB's real estate program is an externally managed pool of selected partnership investments intended to provide alternative portfolio characteristics when compared to traditional stock and bond investments. The majority of the WSIB's partnerships invest in institutional-quality real estate assets that are leased to third parties. The income generated from bond-like lease payments coupled with the hard asset qualities of commercial real estate combine to generate returns that are expected to fall between the return expectations for fixed income and equities over the long term. The real estate portfolio is managed to deliver risk-adjusted returns that are consistent with the WSIB's long-term return expectations for the asset class.

The pension trust funds' real estate partnerships typically invest in private real estate assets that are held for long-term income and appreciation. Many of the pension trust

funds' investment partnerships do not involve co-investment with other financial entities, thereby providing the WSIB with control provisions, related transactions, and ongoing operational decisions for annual capital expenditures.

The pension trust funds may invest in any real estate opportunity demonstrating acceptable risk-adjusted returns, provided it is not prohibited by state law or WSIB policy. Investment structures may include real estate operating companies, joint ventures, commingled funds (closed or open-ended), and co-investments with existing WSIB real estate partners. Diversification within the real estate program is achieved through consideration of property type, capital structure, life cycle, geographic region, partner concentration, and property capital level.

The WSIB's real estate portfolio current benchmark seeks to earn an 8 percent annual investment return over a rolling 10-year period.

Tangible Assets. The primary goal of the tangible asset portfolio is to generate a long-term, predictable, and persistent income stream. The secondary goal is to generate appreciation approximately commensurate with inflation. The structure of the investments is primarily targeted to those publicly traded securities, private funds, or separate accounts providing the WSIB with the most robust governance provisions related to acquisitions, dispositions, debt levels, and ongoing operational decisions for annual capital expenditures. For diversification purposes, the tangible asset portfolio focuses on income-producing physical assets in the upstream and midstream segments of four main industries: minerals and mining, energy, agriculture, and society essentials.

The WSIB's current return objective for tangible assets calls for a target benchmark of 400 basis points above the U.S. Consumer Price Index over a long-term investment horizon defined as at least five years.

Innovation Portfolio. The innovation portfolio investment strategy is to provide the WSIB with the ability to invest in assets that fall outside of traditional asset classes and to provide the WSIB with comfort and demonstrated success before committing large dollar amounts to the strategy. The overall benchmark for the innovation portfolio is the weighted average of the underlying benchmark for each asset in the portfolio.

Currently, there are 10 investment strategies in the innovation portfolio involving private partnerships.

2. Valuation of Investments

The pension trust funds reports investments at fair value and categorizes its fair value measurements within the fair

State of Washington

value hierarchy established by generally accepted accounting principles. Unrealized gains and losses are included in the Statement of Changes in Net Position.

The following table presents fair value measurements as of June 30, 2023:

Pension Trust Funds		Fair Value Measurements Using			
Investments Measured at Fair Value					
June 30, 2023					
<i>(expressed in thousands)</i>					
Investments by Fair Value Level	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Debt Securities					
Corporate bonds	\$ 15,759,067	\$ —	\$ 15,759,067	\$ —	
U.S. and foreign government and agency securities	6,300,864	—	6,300,864	—	
Mortgage and other asset-backed securities	1,776,238	—	1,776,238	—	
Total Debt Securities	23,836,169	—	23,836,169	—	
Equity Securities					
Common and preferred stock	21,345,326	21,302,743	40,205	2,378	
Depository receipts and other miscellaneous	583,037	583,034	—	3	
Real estate investment trusts	198,911	198,911	—	—	
Total Equity Securities	22,127,274	22,084,688	40,205	2,381	
Alternative Investments					
Real estate	1,054,924	—	—	1,054,924	
Tangible assets	359,428	353,307	—	6,121	
Total Alternative Investments	1,414,352	353,307	—	1,061,045	
Total Investments by Fair Value Level	47,377,795	\$ 22,437,995	\$ 23,876,374	\$ 1,063,426	
Investments Measured at Net Asset Value (NAV)					
Private equity	45,925,856				
Real estate	32,447,864				
Collective investment trust funds (equity securities)	17,478,379				
Tangible assets	10,564,954				
Innovation	1,784,089				
Total Investments Measured at the NAV	108,201,142				
Total Investments Measured at Fair Value	\$ 155,578,937				
Other Assets (Liabilities) at Fair Value					
Collateral held under securities lending agreements	\$ 247,762	\$ —	\$ 247,762	\$ —	
Net foreign exchange contracts receivable-forward and spot	116,398	—	116,398	—	
Margin variation receivable-futures contracts	244	244	—	—	
Obligations under securities lending agreements	(247,762)	—	(247,762)	—	
Total Other Assets (Liabilities) Measured at Fair Value	\$ 116,642	\$ 244	\$ 116,398	\$ —	

Investments classified as level 1. Investments classified as level 1 in the previous table are exchange traded equity securities whose values are based on published market prices and quotations from national security exchanges as of the appropriate market close, as of each reporting period end.

Investments classified as level 2. Investments classified as level 2 in the previous table are primarily comprised of publicly traded debt securities and exchange traded stocks traded in inactive markets. Publicly traded debt securities are sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a debt security in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Investments classified as level 3. Investments classified as level 3 in the previous table are publicly traded equity securities and other investments that have noncurrent or “stale” values and are included in the table at the last traded price. The stale pricing occurred due to trading suspensions, delisting from an active exchange, or lack of investor demand. The current fair values of these securities are unknown.

Investments measured at net asset value (NAV). Investments measured at net asset value in the pension trust funds are the collective investment trust funds and alternative investments, including private equity, real estate, tangible assets, and innovation.

Collective Investment Trust Funds. The pension trust funds invests in three separate collective investment trust funds (fund). Each fund determines a fair value by obtaining fair values of the underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings within each fund are publicly traded equity securities.

Two funds are passively managed to approximate the capitalization weighted total rates of return of the MSCI U.S. Investable Market Index and the MSCI Emerging Markets Investable Market Index. Each fund has daily openings and contributions, and withdrawals can be made on any business day. The fund managers, at their discretion, may require withdrawal proceeds to be made partially or wholly in kind. Under certain circumstances, the fund managers may choose to suspend valuation and/

or the right to make contributions and withdrawals from the fund. Such circumstances include actual or anticipated closure, restriction, or suspension of trading activity in any markets or exchanges where the fund investments are traded; where the purchase, sale, or pricing of the fund’s investments would not be reasonably practicable or advisable; or where suspending contributions or withdrawals would be in the best interest of the fund or participants.

The third fund seeks to achieve long-term capital appreciation through active investment management in emerging market countries. The index against which the fund compares its performance is the MSCI Emerging Market Index. The pension trust funds may redeem some or all of their holdings on each monthly valuation date. The fund manager may delay redemption proceeds if it determines that it is reasonably necessary to prevent a material adverse impact on the fund or other investors. The fund manager, at their discretion, may require withdrawal proceeds to be made partially or wholly in kind.

Alternative Assets. The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value is determined by using the net asset value per share (or its equivalent) of the pension trust funds’ ownership interest in partners’ capital. These values are based on the individual investee’s capital account balance reported at fair value by the general partner at the closest available reporting period, adjusted for subsequent contributions, distributions, management fees, changes in values of foreign currency, and published market prices for certain securities.

The limited partnerships’ annual financial statements are audited by independent auditors. These investments are valued at approximately \$90.72 billion as of June 30, 2023. Because of the inherent uncertainties in estimating fair values, it is possible that the estimates will change in the near-term or the subsequent sale of assets will be different than the June 30, 2023, reported net asset value.

These investments can never be redeemed. Instead, the nature of these investments provides for distributions through the sale or liquidation of the underlying assets and from net operating cash flows. It is anticipated that the various investments within each asset class will be liquidated over the following periods:

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Pension Trust Funds

Alternative Assets Expected Liquidation Periods

June 30, 2023

(expressed in thousands)

Liquidation Periods	Investment Type					Total	Percentage of Total
	Private Equity	Real Estate	Tangible Assets	Innovation			
Less than 3 years	\$ 34,808	\$ 2,947	\$ 54,516	\$ 1,376	\$ 93,647	0.1 %	
3 to 9 years	3,642,017	1,841,492	628,503	—	6,112,012	6.7 %	
10 or more years	42,249,031	30,603,425	9,881,935	1,782,713	84,517,104	93.2 %	
Total	\$ 45,925,856	\$ 32,447,864	\$ 10,564,954	\$ 1,784,089	\$ 90,722,763	100.0 %	

Private Equity. This includes 296 private equity limited liability partnerships that invest primarily in the United States, Europe, and Asia in leveraged buyouts, venture capital, distressed debt, and growth equity. The fair value of individual capital account balances is based on the valuation reported by private equity partnerships using the following methodologies to value the underlying portfolio companies:

- Valuations of publicly traded portfolio companies are based on active exchanges using quoted market prices as of the close of trading for each month end.
- When a portfolio company investment does not have a readily available market price but has a return that is determined by reference to an asset for which a market price is readily available, valuations are based on the closing market price of the reference asset on the valuation date, adjusted for unique factors that affect the fair value of the investment held.
- When the portfolio company investments are private holdings and are not traded on active security exchanges, valuation methodologies consist primarily of income and market approaches. The income approach involves a discounted cash flow analysis based on portfolio companies' projections. The market approach involves valuing a company at a multiple of a specified financial measure, generally earnings before interest, taxes, depreciation, and amortization, based on multiples of comparable publicly traded companies.

Real Estate. This includes 21 real estate investments. Targeted investment structures within the real estate portfolio include real estate operating companies, limited liability companies, joint ventures, commingled funds, and co-investments. Real estate partnerships provide quarterly valuations to the pension trust funds management based on the most recent capital account balance. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are externally appraised

generally every one to five years, depending upon the investment. Structured finance investments receive quarterly adjustments by the partners, generally applying the assumption that all such positions will be held to maturity. Annual audits of most partnerships include a review of compliance with the partnership's valuation policies.

Tangible Assets. This includes 66 limited liability structures and funds. Valuation practices of general partners and asset managers are consistent with private equity limited partnerships.

Innovation. This includes 13 limited liability structures and funds. Valuation practices of general partners and asset managers are consistent with private equity limited partnerships.

Other assets and liabilities measured at fair value. Forward exchange contracts are valued by interpolating a value using the spot foreign exchange rate and forward points (based on the spot rate and currency interest rate differentials), which are all inputs that are observable in active markets (level 2).

Cash collateral securities held and the offsetting obligations under securities lending agreements are valued by the pension trust funds' lending agent and sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a security in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Gains and losses on futures contracts are settled daily, based on a notional (underlying) principal value, and do not involve an actual transfer of the specific instrument. The margin variation represents the current gain or loss remaining to be settled from the prior day. The custodian bank provides quoted prices for these securities from a reputable pricing vendor.

3. Unfunded Commitments

The WSIB has entered into a number of agreements that commit the pension trust funds, upon request, to make additional investment purchases up to predetermined amounts. As of June 30, 2023, the pension trust funds had total unfunded commitments of \$36.99 billion in the following asset classes: \$20.21 billion in private equity, \$10.54 billion in real estate, \$5.34 billion in tangible assets, and \$897.1 million in innovation.

4. Securities Lending

State law and WSIB policy permit the pension trust funds to participate in securities lending programs to augment investment income. The WSIB has entered into an agreement with State Street Corporation to act as agent for the pension trust funds in securities lending transactions. As State Street Corporation is the custodian bank for the pension trust funds, it is counterparty to securities lending transactions.

The fair value of the securities on loan at June 30, 2023, was approximately \$326.8 million. The pension trust funds report securities on loan in their respective categories in the Statement of Net Position. At June 30, 2023, cash collateral received totaling \$247.8 million is reported as securities lending obligation, and the fair value of the reinvested cash collateral totaling \$247.8 million is reported as security lending collateral in the Statement of Net Position. Securities received as collateral for which the pension trust funds do not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities in the Statement of Net Position. Total securities received as collateral at June 30, 2023, was \$90.9 million.

During the fiscal year, equity securities were loaned and collateralized by the pension trust funds' agent with cash and U.S. government or U.S. agency securities including U.S. agency mortgage-backed securities (exclusive of letters of credit). When the loaned securities had collateral denominated in the same currency, the collateral requirement was 102 percent of the fair value, including accrued interest, of the securities loaned. All other securities were required to be collateralized at 105 percent of the fair value, including accrued interest, of the loaned securities.

The following table summarizes the securities held by the pension trust funds from reinvestment of cash collateral and securities received as collateral at June 30, 2023 (in millions):

U.S. treasuries	\$	109.1
Commercial paper		72.2
Yankee CD		61.4
Repurchase agreements		48.3
Cash equivalents and other		47.7
Total Collateral Held	\$	338.7

During fiscal year 2023, securities lending transactions could be terminated on demand by either the pension trust funds or the borrower. As of June 30, 2023, the cash collateral held had an average duration of 12.84 days and an average weighted final maturity of 99.61 days.

Because the securities lending agreements were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. Non-cash collateral could not be pledged or sold absent borrower default. No more than 20 percent of the total on loan value could be held by a specific borrower. Collateral investment guidelines specifically prohibit European domiciled holdings. There are no restrictions on the amount of securities that can be lent.

Securities were lent with the agreement that they would be returned in the future for exchange of the collateral. State Street Corporation indemnified the pension trust funds by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return the loaned securities or pay distributions thereon. State Street Corporation's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During fiscal year 2023, there were no significant violations of legal or contractual provisions and no failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the pension trust funds incurred no losses during fiscal year 2023 resulting from a default by either the borrowers or the securities lending agents.

5. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. The risk is managed within the portfolios using effective duration, which is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of fixed income investments.

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While the pension trust funds do not have a formal policy relating to interest rate risk, the pension trust funds' fixed income investments are actively managed to meet or exceed the return of the Bloomberg U.S. Universal Index, with volatility similar to or less than the index. The fixed income portfolio's duration is targeted within plus or minus 25 percent of the duration of the portfolio's performance benchmark. As of June 30, 2023, the duration of the pension trust funds' fixed income investments was within the duration target of this index.

The two following schedules provide information about the interest rate risks associated with the pension trust funds' investments as of June 30, 2023. The schedules display various asset classes held by maturity in years, effective durations, and credit ratings. All debt securities are reported using the average life within the portfolio. The average life is a calculated estimate of the average time (in years) until maturity for these securities, taking into account possible prepayments of principal.

Pension Trust Funds

Schedule of Maturities and Effective Duration

June 30, 2023

(expressed in thousands)

Investment Type	Total Fair Value	Maturity				Effective Duration (in years)*
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Corporate bonds	\$ 15,759,067	\$ 110,980	\$ 6,232,825	\$ 6,096,374	\$ 3,318,888	6.7
U.S. government and agency securities	4,318,699	861,075	2,566,469	222,133	669,022	4.4
Foreign government and agency securities	1,982,165	6,805	691,459	799,900	484,001	7.0
Mortgage and other asset-backed securities	1,401,865	6,979	1,033,935	274,891	86,060	4.3
Total internally managed fixed income	23,461,796	985,839	10,524,688	7,393,298	4,557,971	6.1
Mortgage-backed to be announced forwards	374,373	374,373	—	—	—	—
Total Investments Categorized	23,836,169	\$ 1,360,212	\$ 10,524,688	\$ 7,393,298	\$ 4,557,971	6.1
Investments Not Required to be Categorized:						
Alternative investments	92,137,115					
Equity securities	39,605,653					
Cash and cash equivalents	2,120,799					
Total investments not categorized	133,863,567					
Total Investments	\$157,699,736					

* Excludes cash and cash equivalents

State of Washington

Credit ratings of investments are presented using the Moody's rating scale as follows:

Pension Trust Funds
Investment Credit Ratings
June 30, 2023
(expressed in thousands)

Moody's Equivalent Credit Rating	Investment Type			Total Fair Value
	Mortgage and Other Asset-Backed Securities	Corporate Bonds	Foreign Government and Agency Securities	
Aaa	\$ 1,776,048	\$ 318,348	\$ 38,740	\$ 2,133,136
Aa1	—	174,135	175,263	349,398
Aa2	—	45,606	176,139	221,745
Aa3	—	923,726	60,475	984,201
A1	—	1,397,354	276,423	1,673,777
A2	—	1,489,357	115,114	1,604,471
A3	—	2,707,009	—	2,707,009
Baa1	—	2,342,487	—	2,342,487
Baa2	190	2,316,034	539,797	2,856,021
Baa3	—	1,878,338	101,779	1,980,117
Ba1 or lower	—	2,166,673	498,435	2,665,108
Total	\$ 1,776,238	\$ 15,759,067	\$ 1,982,165	\$ 19,517,470

6. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The pension trust funds' investment policies limit the fixed income securities to investment grade or higher at the time of purchase. Investment grade securities are those fixed income securities with a Moody's rating of Aaa to Baa or a Standard and Poor's rating of AAA to BBB. The rated debt investments of the pension trust funds as of June 30, 2023, were rated by Moody's and/or an equivalent national rating organization.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The policy of the pension trust funds states no corporate fixed income issue shall exceed 3 percent of cost at the time of purchase or 6 percent of fair value thereafter of the fund, and no high yield issues shall exceed 1 percent of cost. There was no concentration of credit risk exceeding these policy guidelines as of June 30, 2023.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the pension trust funds would not be able to recover the value of their deposits, investments, or collateral securities. The pension trust funds do not have a policy relating to custodial credit risk. The WSIB mitigates custodial credit risk by having its investment securities (excluding cash, cash equivalents, and repurchase agreements held as securities lending collateral) registered and held in the name of the WSIB for the benefit of the pension trust funds.

7. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The pension trust funds do not have a formal policy to limit foreign currency risk. The WSIB manages their exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios by sector and by issuer, to limit foreign currency and security risk.

The following schedule presents the exposure of the pension trust funds' investments to foreign currency risk. The schedule provides information on deposits and investments held in various foreign currencies. Private equity, real estate, and tangible assets are presented according to the financial reporting currency of the individual funds. This is not a presentation of currency exposure relating to the underlying holdings. The schedule is stated in U.S. dollars. In addition, the CTF has a maximum additional foreign currency exposure at June 30, 2023, of \$816.8 million invested in one emerging market commingled equity investment trust fund.

State of Washington

Pension Trust Funds

Foreign Currency Exposure by Country

June 30, 2023

(expressed in thousands)

Foreign Currency Denomination	Investment Type in U.S. Dollar Equivalent					Total
	Cash and Cash Equivalents	Debt Securities	Equity Securities	Alternative Assets	Open Foreign Exchange Contracts-Net	
Australia-Dollar	\$ 3,797	\$ —	\$ 550,600	\$ 469,543	\$ (19,978)	\$ 1,003,962
Brazil-Real	1,817	—	424,458	—	(31,587)	394,688
Canada-Dollar	4,187	—	935,238	—	(1,096)	938,329
China-Yuan Renminbi	5,189	12,218	523,693	—	13,488	554,588
Denmark-Krone	686	—	463,473	—	2,070	466,229
E.M.U.-Euro	17,887	—	3,531,843	5,080,188	37,053	8,666,971
Hong Kong-Dollar	7,682	—	748,423	—	3	756,108
India-Rupee	1,431	—	622,290	—	611	624,332
Indonesia-Rupiah	1,715	—	98,053	—	29	99,797
Japan-Yen	25,097	—	2,312,215	—	144,885	2,482,197
Mexico-Peso	446	—	124,745	—	(16,643)	108,548
New Taiwan-Dollar	996	—	406,491	—	(110)	407,377
Norway-Krone	1,404	—	105,318	—	(1,013)	105,709
Singapore-Dollar	2,289	—	98,631	—	(69)	100,851
South Africa-Rand	462	—	40,056	33,306	(984)	72,840
South Korea-Won	1,032	—	441,652	—	1,875	444,559
Sweden-Krona	2,201	—	345,282	—	(499)	346,984
Switzerland-Franc	3,692	—	794,230	—	18,197	816,119
United Kingdom-Pound	8,749	—	1,721,323	—	13,438	1,743,510
Other	7,539	67,585	316,970	—	(43,272)	348,822
Total	\$ 98,298	\$ 79,803	\$ 14,604,984	\$ 5,583,037	\$ 116,398	\$ 20,482,520

8. Derivative Instruments

Pension trust funds are authorized to utilize various derivative instrument financial instruments including financial futures, forward contracts, interest rate swaps, credit default swaps, equity swaps, and options. Derivative instrument transactions involve, to varying degrees, market and credit risk. At June 30, 2023, the pension trust funds held investments in financial futures, forward currency contracts, and total return swap contracts that are recorded at fair value with changes in value recognized in investment income in the Statement of Changes in Net Position in the period of change. The derivative instruments are considered investment derivative instruments and not hedging derivative instruments.

Derivative instruments are generally used to achieve the desired market exposure of a security, index, or currency; adjust portfolio duration; or rebalance the total portfolio to the target asset allocation. Derivative instrument contracts are instruments that derive their value from underlying assets, indices, reference interest rates, or a combination of these factors.

A derivative instrument could be a contract negotiated on behalf of the pension trust funds and a specific counterparty. This would typically be referred to as an over the counter (OTC) contract, such as forward and total return swap contracts. Alternatively, a derivative instrument, such as futures, could be listed and traded on an exchange and referred to as “exchange traded.”

Inherent in the use of OTC derivative instruments, the pension trust funds are exposed to counterparty credit risk on all open OTC positions. Counterparty credit risk is the risk that a derivative instrument counterparty may fail to meet its payment obligation under the derivative instrument contract. As of June 30, 2023, the pension trust funds counterparty risk was approximately \$558.4 million. The majority of the counterparties (68.8 percent) held a credit rating of Aa3 or higher on Moody’s rating scale. All counterparties held investment grade credit ratings of Baa2 and above.

Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. As such, gains and losses on futures contracts are settled daily based on a

notional (underlying) principal value and do not involve an actual transfer of the specific instrument. The exchange assumes the risk that the counterparty will not pay and requires margin payments to minimize such risk. Futures are generally used to achieve the desired market exposure of a security or index or to rebalance the total portfolio. Derivative instruments, which are exchange traded, are not subject to credit risk.

Forward currency contracts are agreements to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date in the future. These forward commitments are not standardized and carry counterparty credit risk due to the possible nonperformance by a counterparty. The maximum potential loss is the aggregate face value in U.S. dollars at the time the contract was opened; however, the likelihood of such loss is remote.

At June 30, 2023, the pension trust funds had outstanding forward currency contracts with a net unrealized gain of \$116.4 million. The aggregate forward currency exchange contracts receivable and payable were \$18.53 billion and \$18.42 billion, respectively. The contracts have varying maturity dates ranging from July 3, 2023, to March 19, 2025.

Total return swap contracts are agreements where one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of the underlying or reference asset. Total return swaps allow the party receiving the total return to gain exposure and benefit from a reference asset without physically owning the security. The pension trust funds swap total bond market index returns for total equity index returns as the reference asset in emerging markets. The values of these contracts are highly sensitive to interest rate changes. During the current fiscal year ended June 30, 2023, the pension trust funds held no total return swap contracts.

At June 30, 2023, the pension trust funds' fixed income portfolio held derivative instrument securities consisting of collateralized mortgage obligations with a fair value of \$51.5 million. Domestic and foreign commingled investment trust fund managers may also utilize various derivative instrument securities to manage exposure to risk and increase portfolio returns. Information on the extent of use and holdings of derivative instrument securities by these funds is unavailable.

The following schedule presents the significant terms for derivative instruments held as investments by the pension trust funds:

Pension Trust Funds				
Derivative Instrument Investments				
June 30, 2023				
<i>(expressed in thousands)</i>				
	Changes in Fair Value - Included in Investment Income (Loss) Amount	Fair Value - Investment Derivative Instrument Amount		Notional
Futures Contracts:				
Bond index futures	\$ (104,777)	\$ (9,817)	\$	994,500
Equity index futures	217,155	10,062		2,527
Total	\$ 112,378	\$ 245	\$	997,027
Forward Currency Contracts				
	\$ 26,244	\$ 116,420	\$	18,565,669

C. INVESTMENTS - WORKERS' COMPENSATION FUND

1. Summary of Investment Policies

Under RCW 43.33A.030, trusteeship of the Workers' Compensation Fund investments is vested in the voting members of the Washington State Investment Board (WSIB). The Legislature established a standard of care for investment of these funds in RCW 43.33A.140. Additionally, the WSIB and its staff must comply with other state laws, such as the Ethics in Public Service Act, chapter 42.52 RCW, in making investment decisions and seeking to meet investment objectives.

The Workers' Compensation Fund consists mainly of the investment of insurance premiums collected from employers in Washington state. The workers' compensation program provides medical, time-loss, and disability benefit payments to qualifying individuals sustaining work-related injuries.

In accordance with state laws, the Workers' Compensation Fund investments are managed to limit fluctuations in the industrial insurance premiums. Subject to this purpose, these portfolios seek to achieve a maximum return at a prudent level of risk. Based on this requirement, the order of the objectives is:

- Maintain the solvency of the funds.
- Maintain premium rate stability.
- Ensure sufficient assets are available to fund the expected liability payments.
- Subject to the objectives above, achieve a maximum return at a prudent level of risk.

Eligible Investments. Eligible investments are securities and deposits that are in accordance with the WSIB's investment policy and chapter 43.33A RCW. Eligible investments include:

- U.S. equities.
- International equities.
- U.S. treasuries and government agencies.
- Credit bonds.
- Mortgage-backed securities rated investment grade, as defined by Bloomberg Global Family of Fixed Income Indices.
- Asset-backed securities rated investment grade, as defined by Bloomberg Global Family of Fixed Income Indices.
- Commercial mortgage-backed securities rated investment grade, as defined by Bloomberg Global Family of Fixed Income Indices.
- Investment grade non-U.S. dollar bonds.
- Real estate.

Investment Policies and Restrictions. To meet stated objectives, investments of the Workers' Compensation Fund are subject to the following constraints:

- All assets under the management of the WSIB are to be invested to maximize return at a prudent level of risk in accordance with RCW 43.33A.110 and RCW 43.33A.140.
- No corporate fixed income issue cost shall exceed 3 percent of the fund's fair value at the time of purchase, nor shall its fair value exceed 6 percent of the fund's fair value at any time.
- Asset allocations are to be reviewed every four years or sooner if there are significant changes in funding levels or the liability durations.
- Assets are to be rebalanced across asset classes when the fair value of the assets falls outside the policy

ranges. The timing of any rebalancing will be based on market opportunities, cash flows, and the consideration of transaction costs; therefore, they need not occur immediately.

Equity. The benchmark and structure for global equities will be the Morgan Stanley Capital International (MSCI) All Country World Investable Market Index with U.S. Gross. The global equity portfolio will be passively managed in commingled index funds. The commingled fund managers may use futures for hedging or establishing a long position.

Fixed Income. It is the goal of the fixed income portfolios to match the target durations. The fixed income portfolios' required duration targets are to be reviewed every four years or sooner if there are significant changes in the funding levels or the liability durations.

Sector allocation of fixed income investments must be managed within the ranges presented below. Deviations may occur in the short term as a result of interim market conditions. However, if a range is exceeded, the portfolios must be rebalanced to the target allocations as soon as it is practical.

Target Allocations for the Fixed Income Sectors:

U.S. treasuries and government agencies	5% - 25%
Credit bonds	20% - 80%
Asset-backed securities	0% - 10%
Commercial mortgage-backed securities	0% - 10%
Mortgage-backed securities	0% - 25%

Total fair value of below investment grade credit bonds (as defined by Bloomberg Global Family of Fixed Income Indices) shall not exceed 5 percent of the total fair value of the funds. Although below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities may not be purchased, portfolio holdings that are downgraded to those levels or are no longer rated may continue to be held. Total fair value of below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities shall not exceed 5 percent of total fair value of the funds.

Real Estate. The objectives and characteristics of the real estate portfolio are as follows:

- To generate a 6 percent annual investment return over a rolling 10-year period. This objective also serves as the total net return benchmark for the portfolio.
- The majority of the return will be generated by current income, and the portfolio will be intentionally constructed to focus on yield rather than total return.
- The portfolio will be diversified across geography and property type.

- No more than 15 percent of the long-term target allocation for the real estate portfolio will be invested in the equity position for a single property at the time of acquisition.

2. Valuation of Investments

The Workers' Compensation Fund reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Unrealized gains and losses are included in the Statement of Revenues, Expenses, and Changes in Net Position. The following table presents fair value measurements as of June 30, 2023:

Workers' Compensation Fund

Investments Measured at Fair Value

June 30, 2023

(expressed in thousands)

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities				
Corporate bonds	\$ 10,674,076	\$ —	\$ 10,674,076	\$ —
U.S. and foreign government and agency securities	3,908,756	—	3,908,756	—
Mortgage and other asset-backed securities	616,407	—	616,407	—
Total Investments by Fair Value Level	15,199,239	\$ —	\$ 15,199,239	\$ —
Investments Measured at Net Asset Value (NAV)				
Collective investment trusts	3,127,235			
Real estate	73,315			
Total investments measured at the NAV	3,200,550			
Total Investments Measured at Fair Value	\$ 18,399,789			

Investments classified as level 2. Investments classified as level 2 in the above table are comprised of publicly traded debt securities. Publicly traded debt securities are sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a security, in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Investments measured at net asset value (NAV). Investments measured at net asset value in the Workers' Compensation Fund include collective investment trust funds and alternative investments.

Collective Investment Trust Funds. The Workers' Compensation Fund invests in a single collective investment trust fund (fund). The fund is passively managed to track the investment return of a broad, global equity index, the MSCI All Country World Investable Market Index with U.S. Gross. The fund determines a fair value by obtaining the values of underlying holdings using reputable pricing sources and computing an overall net asset value per share. The underlying holdings within each fund are publicly traded equity securities.

The fund has daily openings, and contributions and withdrawals can be made on any business day. The fund manager, at their discretion, may require withdrawal proceeds to be made partially or wholly in kind. Under certain circumstances, the fund manager may choose to suspend valuation and/or the right to make contributions and withdrawals from the fund. Such circumstances include actual or anticipated closure, restriction, or suspension of trading activity in any markets or exchanges where the fund investments are traded; where the purchase, sale, or pricing of the fund's investments would not be reasonably practicable or advisable; or where suspending contributions or withdrawals would be in the best interest of the fund or participants.

Alternative Investments. The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value is determined by using the net asset value per share (or its equivalent) of the Workers' Compensation Funds' ownership interest in partners' capital. These values are based on the individual investee's capital account balance reported at fair value by the general partner at the most recently available reporting period, adjusted for subsequent contributions, distributions, management fees, changes in values of foreign currency, and published market prices for certain securities.

The limited partnerships' annual financial statements are audited by independent auditors. These investments are valued at approximately \$73.3 million as of June 30, 2023. Because of the inherent uncertainties in estimating fair values, it is possible these estimates will change in the near-term or the subsequent sale of assets will be different than the June 30, 2023, reported net asset value.

These investments can never be redeemed. Instead, the nature of these investments provides for distributions through the sale or liquidation of the underlying assets and from net operating cash flows. It is anticipated that the investments will be held for at least ten years or longer.

Real Estate. This includes four real estate investments. Targeted investment structures within the Workers' Compensation Fund real estate portfolio include limited liability companies, limited partnerships, joint ventures, commingled funds, and co-investments. Real estate partnerships generally provide quarterly valuations based on the most recent capital account balance. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are externally appraised generally at least every five years, depending upon the investment. Annual audits of most partnerships include a review of compliance with the partnership's valuation policies.

3. Securities Lending

State law and WSIB policy permit the Workers' Compensation Fund to participate in securities lending programs to augment investment income. The WSIB has entered into an agreement with State Street Corporation to act as agent for the Workers' Compensation Fund in securities lending transactions. As State Street Corporation is the custodian bank for the Workers' Compensation Fund, it is counterparty to securities lending transactions.

When debt securities are loaned during the fiscal year, they are collateralized by the Workers' Compensation Fund's agent with cash and U.S. government or U.S. agency securities including U.S. agency mortgage-backed securities (exclusive of letters of credit). When the loaned securities have collateral denominated in the same currency, the collateral requirement is 102 percent of the fair value, including accrued interest, of the securities loaned. All other securities are required to be collateralized at 105 percent of the fair value, including accrued interest, of the loaned securities. No securities were lent by the Workers' Compensation Fund during the current fiscal year and, accordingly, no collateral was held at June 30, 2023.

Securities lending transactions can be terminated on demand by either the Workers' Compensation Fund or the borrower. Non-cash collateral cannot be pledged or sold absent borrower default. No more than 20 percent of the total on-loan value can be held by a specific borrower. Collateral investment guidelines specifically prohibit European domiciled holdings. There are no restrictions on the amount of securities that can be lent.

Securities are lent with the agreement that they will be returned in the future for exchange of the collateral. State Street Corporation indemnified the Workers' Compensation Fund by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return the loaned securities or pay distributions thereon. State Street Corporation's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During fiscal year 2023, no securities were lent and, accordingly, there were no significant violations of legal or contractual provisions, and no failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the Workers' Compensation Fund incurred no losses during fiscal year 2023 resulting from a default by either the borrowers or the securities lending agents.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. While the Workers' Compensation Fund does not have a formal policy relating to interest rate risk, the risk is managed within the Workers' Compensation Fund portfolio using effective duration, which is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of fixed income investments. As of June 30, 2023, the Workers' Compensation Fund portfolio durations were within the prescribed duration targets.

The following two schedules provide information about the interest rate risks associated with the Workers' Compensation Fund investments as of June 30, 2023. The schedules display various asset classes held by maturity in years, effective durations, and credit ratings. All debt securities are reported using the average life within the portfolio. The average life is a calculated estimate of the average time (in years) until maturity for these securities, taking into account possible prepayments of principal.

State of Washington

Workers' Compensation Fund
Schedule of Maturities and Effective Duration
June 30, 2023
(expressed in thousands)

Investment Type	Total Fair Value	Maturity				Effective Duration (in years)*
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Corporate bonds	\$ 10,674,076	\$ 356,550	\$ 3,488,730	\$ 3,377,417	\$ 3,451,379	7.3
U.S. government and agency securities	2,700,917	338,485	1,175,090	28,925	1,158,417	8.5
Foreign government and agencies	1,207,839	76,177	491,049	400,551	240,062	6.1
Mortgage and other asset-backed securities	616,407	6,635	526,507	83,265	—	3.8
Total Investments Categorized	15,199,239	\$ 777,847	\$ 5,681,376	\$ 3,890,158	\$ 4,849,858	7.3

Investments Not Required to be Categorized:

Collective investment trusts	3,127,235
Cash and cash equivalents	567,344
Real estate	73,315
Total investments not categorized	3,767,894
Total Investments	\$ 18,967,133

* Excludes cash and cash equivalents

Investments with multiple credit ratings are presented using the Moody's rating scale as follows:

Workers' Compensation Fund
Investment Credit Ratings
June 30, 2023
(expressed in thousands)

Moody's Equivalent Credit Rating	Investment Type			Total Fair Value
	Mortgage and Other Asset-Backed Securities	Corporate Bonds	Foreign Government and Agencies	
Aaa	\$ 616,407	\$ 366,301	\$ 67,965	\$ 1,050,673
Aa1	—	200,197	202,742	402,939
Aa2	—	111,674	162,604	274,278
Aa3	—	893,701	142,624	1,036,325
A1	—	1,533,695	336,725	1,870,420
A2	—	1,641,556	77,270	1,718,826
A3	—	1,994,357	—	1,994,357
Baa1	—	1,987,375	—	1,987,375
Baa2	—	1,388,682	152,032	1,540,714
Baa3	—	380,755	23,364	404,119
Ba1 or lower	—	175,783	42,513	218,296
Total	\$ 616,407	\$ 10,674,076	\$ 1,207,839	\$ 12,498,322

5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Workers' Compensation Fund investment policies limit the fixed income securities to investment grade or higher at the time of purchase. Investment grade securities are those fixed income securities with a Moody's rating of Aaa to Baa or a Standard and Poor's rating of AAA to BBB.

The rated debt investments of the Workers' Compensation Fund as of June 30, 2023, were rated by Moody's and/or an equivalent national rating organization.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Workers' Compensation Fund policy states that no corporate fixed income issues cost shall exceed 3 percent of the fund's fair value at the time of purchase, nor shall its fair value exceed 6 percent of the fund's fair value at any time. There was no concentration of credit risk as of June 30, 2023.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the Workers' Compensation Fund would not be able to recover the value of its deposits, investments, or collateral securities. The Workers' Compensation Fund does not have a policy relating to custodial credit risk. The WSIB mitigates custodial credit risk by having its investment securities (excluding cash, cash equivalents, and repurchase agreements held as securities lending collateral) registered and held in the name of the WSIB for the benefit of the Workers' Compensation Fund.

6. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Workers' Compensation Fund does not have a formal policy to limit foreign currency risk. At June 30, 2023, the only securities held by the Workers' Compensation Fund with foreign currency exposure were \$1.15 billion (excludes U.S. dollar denominated securities) invested in international commingled equity index funds.

The following schedule presents the exposure of the Workers' Compensation Fund to foreign currency risk. The schedule is stated in U.S. dollars.

Workers' Compensation Fund

Foreign Currency Exposure by Country

June 30, 2023

(expressed in thousands)

Foreign Currency Denomination	Equity Securities
Australia-Dollar	\$ 60,278
Brazil-Real	18,778
Canada-Dollar	90,893
China-Yuan Renminbi	13,718
Denmark-Krone	23,505
E.M.U.-Euro	253,079
Hong Kong-Dollar	87,502
Japan-Yen	187,026
Mexico-Peso	9,322
New Taiwan-Dollar	55,946
Saudi Arabia-Riyal	14,120
Singapore-Dollar	10,499
South Africa-Rand	10,869
South Korea-Won	42,893
Sweden-Krona	28,004
Switzerland-Franc	72,890
United Kingdom-Pound	116,326
Other	53,824
Total	\$ 1,149,472

7. Derivative Instruments

To manage its exposure to fluctuations in interest and currency rates while increasing portfolio returns, the Workers' Compensation Fund is authorized to utilize various derivative financial instruments including collateralized mortgage obligations, financial futures, forward contracts, interest rate and equity swaps, and options. Derivative instrument transactions involve, to varying degrees, market and credit risk. The Workers' Compensation Fund mitigates market risks arising from derivative instrument transactions by requiring collateral in cash and investments to be maintained equal to the securities' positions outstanding, thereby prohibiting the use of leverage or speculation. Credit risks arising from derivative instrument transactions are mitigated by selecting and monitoring creditworthy counterparties and collateral issuers.

Domestic and foreign passive equity index fund managers may also utilize various derivative instrument securities to manage exposure to risk and increase portfolio returns. Information on the extent of use and holdings of derivative instrument securities by passive equity index fund managers is unavailable.

At June 30, 2023, the only derivative instrument securities held directly by the Workers' Compensation Fund were collateralized mortgage obligations of \$213.6 million.

D. INVESTMENTS - LOCAL GOVERNMENT INVESTMENT POOL

1. Summary of Investment Policies

The Local Government Investment Pool (LGIP) is managed and operated by the Office of the State Treasurer (OST). The State Finance Committee is the administrator of the statute that created the pool and adopts appropriate rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually. Any proposed changes are reviewed by the LGIP Advisory Committee. The terms of the policy are designed to ensure the safety and liquidity of the funds deposited in the LGIP.

The State Treasurer and designated investment officers shall adhere to all restrictions on the investment of funds established by law and by policy.

The LGIP portfolio is invested in a manner that meets the requirements set forth by the Governmental Accounting Standards Board for the maturity, quality, diversification, and liquidity for external investment pools that elect to measure, for financial reporting purposes, all of its investments at amortized costs. The funds are limited to high quality obligations with regulated maximum and average maturities, the effect of which is to minimize both market and credit risk. The LGIP transacts with its participants at a stable net asset value per share of one dollar, which results in the amortized cost reported equaling the number of shares in the LGIP.

The OST prepares a stand-alone LGIP financial report. A copy of the report is available from the OST, PO Box 40200, Olympia, WA 98504-0200, online at: [LGIP Annual Comprehensive Financial Reports](#), or phone number (360) 902-9000. TTY users dial 711 to be connected to the state TTY operator.

Investment Objectives. In priority order, the objectives of the LGIP investment policy are safety, liquidity, and return on investment.

Safety of principal is the primary objective. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.

The investment portfolio is liquid to enable the State Treasurer to meet all cash requirements that might reasonably be anticipated.

The LGIP is structured with the objective of attaining a market rate of return throughout budgetary and economic

cycles, commensurate with the investment risk parameters and the cash flow characteristics of the pool.

Eligible Investments. Eligible investments are only those securities and deposits authorized by statute (chapters 39.58 and 39.59 RCW, and RCW 43.84.080). Eligible investments include:

- Obligations of the U.S. government.
- Obligations of U.S. government agencies or of corporations wholly owned by the U.S. government.
- Obligations of supranational institutions provided that, at the time of investment, the institution has the U.S. government as its largest shareholder.
- Obligations of government-sponsored corporations that are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve.
- Certificates of deposit or demand deposits with financial institutions qualified by the Washington Public Deposit Protection Commission.

Investment Restrictions. To provide for safety and liquidity of funds, the LGIP policy places the following restrictions on the investment portfolio:

- Investments are restricted to fixed rate securities that mature in 397 days or less, except securities utilized in repurchase agreements and U.S. government and supranational floating or variable rate securities which may have a maximum maturity of 762 days, provided they have reset dates within one year and that on any reset date can reasonably be expected to have a fair value that approximates their amortized cost.
- The weighted average maturity of the portfolio will not exceed 60 days.
- The weighted average life of the portfolio will not exceed 120 days.
- The purchase of investments in securities other than those issued by the U.S. government or its agencies will be limited.
- Cash generated through securities lending or reverse repurchase agreement transactions will not increase the dollar amount of specified investment types beyond stated limits.

Participant Transactions. The LGIP transacts with its participants at a stable net asset value per share of one dollar, the same method used for reporting. Participants of the LGIP may contribute and withdraw funds on a daily basis and must inform the OST of any contribution

or withdrawal over one million dollars no later than 9:00 a.m. on the same day the transaction is made. Contributions or withdrawals for one million dollars or less can be requested at any time prior to 10:00 a.m. on the day of the transaction. However, participants may complete transactions greater than one million dollars when notification is made between 9:00 a.m. and 10:00 a.m., at the sole discretion of the OST. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

2. Valuation of Investments

Investments are stated at amortized cost which approximates fair value. For bank deposits and repurchase agreements, the cost-based measure equals their carrying amount.

Monthly, the fair value net asset value per share is calculated and compared to the amortized cost net asset value per share to verify that the LGIP's shadow price does not deviate by more than one half of 1 percent from the amortized cost of the portfolio.

3. Securities Lending

State statutes permit the LGIP to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The LGIP has contracted with Northern Trust as a lending agent and Northern Trust receives a share of income earned from this activity. The lending agent lends securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the fair value of the loaned securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent. Cash collateral received from the lending of non-coupon-bearing securities shall not be valued at less than 102 percent of fair value, not to exceed par.

The cash is invested by the lending agent in accordance with investment guidelines approved by the LGIP. The securities held as collateral and the securities underlying the cash collateral are held by the LGIP's custodian. One option available to the lending agent is to invest cash collateral with the LGIP. Maturities of investments made with cash collateral are generally matched to maturities of securities loaned.

During fiscal year 2023, the LGIP lent U.S. agency and U.S. treasury securities while other securities were received as collateral. At June 30, 2023, the fair value of securities on loan was \$831.8 million and the fair value of securities received for collateral was \$849.9 million.

The LGIP investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the LGIP. During fiscal year 2023, the LGIP had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the LGIP. Furthermore, contracts require the lending agent to indemnify the LGIP if the borrowers fail to return securities and if collateral is inadequate to replace the securities lent, or if the borrowers fail to pay the LGIP for income distribution by the securities' issuers while the securities are on loan.

The LGIP cannot pledge or sell collateral securities received unless the borrower defaults. The LGIP investment policy limits the amount of reverse repurchase agreements and securities lending to 30 percent of the total portfolio. There were no violations of legal or contractual provisions and no losses resulting from a default of a borrower or lending agent during the fiscal year.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. To mitigate the effect of interest rate risk, the LGIP portfolio is invested in high quality, highly liquid obligations with limited maximum and average maturities. The LGIP's policy establishes weighted average maturity and weighted average life limits not to exceed 60 and 120 days, respectively. As of June 30, 2023, the LGIP had a weighted average maturity of 34 days and a weighted average life of 91 days.

The following schedule presents the LGIP investments and related maturities as of June 30, 2023:

Local Government Investment Pool (LGIP)

Schedule of Maturities

June 30, 2023

(expressed in thousands)

Investment Type	Amortized Cost	Maturity	
		Less than 1 Year	1-5 Years
U.S. treasury securities	\$ 9,610,556	\$ 9,435,565	\$ 174,991
U.S. agency securities	5,683,043	4,817,079	865,964
Interest bearing bank accounts	3,926,065	3,926,065	—
Repurchase agreements	3,400,000	3,400,000	—
Supranational securities	395,301	395,301	—
Certificates of deposit	190,000	190,000	—
Total Investments	\$ 23,204,965	\$ 22,164,010	\$ 1,040,955

5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The LGIP investment policy limits the types of securities available for investment to obligations of the U.S. government or its agencies, obligations of supranational institutions, obligations of government-sponsored corporations, and deposits with qualified public depositories.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the LGIP will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The LGIP investment policy requires that securities purchased be held by the master custodian, acting as an independent third party, in its safekeeping or trust department.

Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the LGIP's exposure to risk and ensure the safety of the investment. All securities utilized in repurchase agreements were rated Aaa by Moody's and AA+ by Standard & Poor's. The fair value of securities utilized in repurchase agreements must be at least 102 percent of the value of the repurchase agreement.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The LGIP mitigates concentration of credit risk by limiting the purchase of securities of any one issuer, with the exception of U.S. treasury and U.S. agency securities, to no more than 5 percent of the portfolio.

As of June 30, 2023, U.S. treasury securities comprised 41.4 percent of the total portfolio. U.S. agency securities comprised 24.5 percent of the total portfolio, including Federal Farm Credit Bank (16.7 percent) and Federal Home Loan Bank (7.8 percent). Supranational securities comprised 1.7 percent of the total portfolio.

Repurchase agreements comprise 14.6 percent of the total portfolio as of June 30, 2023. The LGIP limits the securities utilized in repurchase agreements to U.S. treasury and U.S. agency securities. The LGIP requires delivery of all securities utilized in repurchase agreements and the securities are priced daily.

6. Repurchase Agreements

The fair value plus accrued income of securities utilized in repurchase agreements must be 102 percent of the value of the repurchase agreement plus accrued interest per policy.

The securities utilized in repurchase agreements are limited to government securities, are priced daily, and are held by the LGIP's custodian in the state's name. As of June 30, 2023, repurchase agreements totaled \$3.40 billion.

E. INVESTMENTS - HIGHER EDUCATION SPECIAL REVENUE, ENDOWMENT, AND STUDENT SERVICES FUNDS

1. Summary of Investment Policies

The investments of the University of Washington represent 80 percent of the total investments in Higher Education Special Revenue, Endowment, and Student Services Funds.

The University of Washington's Board of Regents is vested by statute with responsibility for the University's properties and investments, and for establishing investment policy. The University of Washington Investment Management Company (UWINCO), led by the chief investment officer, carries out the day-to-day activities of the investment portfolios. The UWINCO Board, which consists of both Board of Regents' members and external investment professionals, serves as an advisory board to UWINCO.

The majority of the University's investments are insured, registered, and held by the University's custodial bank as an agent for the University. Investments not held by the custodian include venture capital, private equity, opportunistic investments, marketable alternatives, mortgages, real assets, and miscellaneous investments.

The University combines most short-term investment balances in the Invested Funds Pool. At June 30, 2023, the Short-term and Intermediate-term Invested Funds Pools totaled \$2.77 billion. The Invested Funds Long-term Pool owns units in the Consolidated Endowment Fund valued at \$1.08 billion on June 30, 2023. In addition, the Long-term Pool owns a passive global equity index valued at \$145.0 million as of June 30, 2023.

By University policy, departments with qualifying funds in the Invested Funds Pool receive distributions based on their average balances and on the type of balance. Campus depositors received 0.75 percent in fiscal year 2023. University Advancement received 3.0 percent of the average balances in endowment operating and gift accounts in fiscal year 2023. The difference between the actual earnings of the Invested Funds Pool and the calculated distributions is used to support activities benefiting all University departments.

The majority of the endowed funds are invested in a pooled fund called the Consolidated Endowment Fund (CEF). Individual endowments purchase units in the pool on the basis of a per unit valuation of the CEF at fair value on the last business day of the calendar quarter. Income is distributed based on the number of units held. Chapter 24.55 RCW and the Uniform Prudent Management of Institutional Funds Act allow for total return expenditure in the CEF under comprehensive prudent standards.

Under the CEF spending policy approved by the Board of Regents, quarterly distributions to programs are based on an annual percentage rate of 3.6 percent applied to the

five-year rolling average of the CEF's fair value. Additionally, the policy allows for an administrative fee of 0.9 percent to support campus-wide fundraising and stewardship activities and to offset the internal cost of managing endowment assets.

The University records its permanent endowments at the lower of original gift value or current fair value in the Restricted Nonexpendable Net Position category. Of the endowments recorded at current fair value at June 30, 2023, the net deficiency from the original gift value was \$5.5 million.

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. The University realized net gains of \$113.2 million in fiscal year 2023 from the sale of investments.

The calculation of realized gains and losses is independent of the net appreciation of the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and are sold in the current year include the net appreciation (depreciation) of these investments reported in the prior year(s). The net appreciation (depreciation) in the fair value of investments during the year ended June 30, 2023, was \$351.0 million.

2. Valuation of Investments

The University reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The University holds significant amounts of investments that are measured at fair value on a recurring basis.

The following schedule presents the fair value of the University's investments by type at June 30, 2023:

State of Washington

University of Washington

Investments Measured at Fair Value

June 30, 2023

(expressed in thousands)

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Fixed Income Securities				
U.S. treasury	\$ 1,633,297	\$ 6,974	\$ 1,626,323	\$ —
U.S. government agency	344,292	9,713	334,579	—
Mortgage-backed	209,132	—	209,132	—
Asset-backed	604,460	—	604,460	—
Corporate and other	316,793	17,009	299,784	—
Total Fixed Income Securities	3,107,974	33,696	3,074,278	—
Equity Securities				
Global equity investments	725,563	398,844	326,719	—
Real estate	18,519	14,810	—	3,709
Other	157,622	151,751	—	5,871
Total Equity Securities	901,704	565,405	326,719	9,580
Externally Managed Trusts	131,385	—	—	131,385
Total Investments by Fair Value Level	4,141,063	\$ 599,101	\$ 3,400,997	\$ 140,965
Investments Measured at Net Asset Value (NAV)				
Global equity investments	2,022,467			
Absolute return strategy funds	875,128			
Private equity and venture capital funds	902,345			
Real asset funds	225,282			
Other	50,452			
Total Investments Measured at the NAV	4,075,674			
Total Investments Measured at Fair Value	8,216,737			
Cash equivalents at amortized cost	145,643			
Total Investments	\$ 8,362,380			

Investments classified as level 1. Fixed income and equity securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investments classified as level 2. Fixed income and equity securities classified in level 2 are valued using other observable inputs including quoted prices for similar securities and interest rates.

Investments classified as level 3. Private equity, real asset, and other investments classified in level 3 are valued using either discounted cash flow or market comparable techniques.

Investments measured at net asset value. The University's interests in certain non-readily marketable alternative investments, such as hedge funds and private equity limited partnerships, are stated at fair value based on net asset value (NAV) estimates used as a practical expedient and reported to the University by investment fund managers.

State of Washington

The information related to investments measured at the NAV per share (or its equivalent) is presented in the following table:

University of Washington

Investments Measured at the Net Asset Value

June 30, 2023

(expressed in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Global equity investments	\$ 2,022,467	\$ 31,707	Monthly to annually	15-180 days
Absolute return strategy funds	875,128	—	Quarterly to annually	30-90 days
Private equity and venture capital funds	902,345	561,441	n/a	—
Real asset funds	225,282	70,335	n/a	—
Other	50,452	32,250	Quarterly to annually	30-95 days
Total Investments Measured at the NAV	\$ 4,075,674			

Global Equity. This investment category includes public equity investments in separately managed accounts, long-only commingled funds, unconstrained limited partnerships, and passive index funds. As of June 30, 2023, approximately 74 percent of the value of the investments in this category can be redeemed within 90 days, and approximately 89 percent can be redeemed within one year.

Absolute Return. This category includes investments in stable income and low-to-medium beta funds. Management of these funds seeks low correlation to broad equity markets by investing in assets that exhibit low volatility, deep discounts, and/or hedges against market downturns. As of June 30, 2023, approximately 93 percent of the value of the investments in this category can be redeemed within one year.

Private Equity and Venture Capital. This category includes buyout, venture, and special situations funds. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that underlying assets of the funds will be liquidated over the next one to ten years.

Real Assets. This category includes real estate, natural resources, and other hard assets. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that underlying assets of the funds will be liquidated over the next one to ten years.

Other. This category consists of opportunistic investments and includes various types of non-investment grade and non-rated credit plus nominal equity exposure. As of June 30, 2023, approximately 34 percent of the value of the investments in this category can be redeemed or anticipate distribution within one year. The remaining balance of these investments contains restrictions on

redemption within one year or will be distributed as underlying investments are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 10 years.

3. Funding Commitments

The University enters into contracts with investment managers to fund alternative investments. As of June 30, 2023, the University had outstanding commitments to fund alternative investments in the amount of \$695.7 million. These commitments are expected to be called over a multi-year timeframe, generally two to five years depending on the type of fund. The University believes it has adequate liquidity and funding sources to meet these obligations.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income securities. The University manages interest rate risk through its investment policies and the investment guidelines established with each manager. Each fixed income manager is assigned a maximum boundary for duration as compared to the manager's relevant benchmark index. The goal is to allow ample freedom for the manager to perform while controlling the interest rate risk in the portfolio.

Effective duration is a commonly used measure of interest rate risk. The longer the duration, the more sensitive the portfolio is to changes in interest rates. The weighted average effective duration of the University's fixed income portfolio was 1.96 years at June 30, 2023.

5. Credit Risk

Fixed income securities are subject to credit risk, which is the risk that the issuer or other counterparty to a financial

instrument will not fulfill its obligations, or that negative perceptions of the issuer's ability to make these payments will cause prices to decline. The University's investment policies limit fixed income exposure to investment grade assets. The investment policy for the Invested Funds' short-term pool requires each manager to maintain an average quality rating of AA as issued by a nationally recognized rating organization. The investment policy for the Invested Funds' intermediate-term pool requires each manager to maintain an average quality rating of A and to hold at least 25 percent of their portfolios in government and government agency issues. The investment policy for the CEF reflects its long-term nature by specifying average quality rating levels by individual manager, but still restricting investments to investment grade credits.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University does not have a formal policy regarding custodial credit risk. However, all University investments in the CEF and the Invested Funds Pool are held in the name of the University and are not subject to custodial credit risk.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The CEF investment policy limits concentration by manager, country (other than U.S.), and market sector. The University further mitigates concentration of credit risk through the due diligence of each manager and careful monitoring of asset concentrations.

Duration is a calculation of the number of years required to recover the true cost of a bond. The duration presented below represents a broad average across all fixed income securities held in the CEF, Invested Funds Pool (IF or operating funds), and debt service reserve funds. The CEF and IF portfolios are managed to have a duration below their policy benchmarks to protect principal and provide liquidity to the overall portfolio.

The following schedule summarizes the composition of the fixed income securities along with credit quality and effective duration measures at June 30, 2023. The schedule excludes \$35.6 million of fixed income securities held by blended component units. These amounts make up 1.15 percent of the University's fixed income investments.

University of Washington
Invested Funds Pool and Consolidated Endowment Fund
Fixed Income Credit Quality and Effective Duration
June 30, 2023
(expressed in thousands)

Investment Type	U.S. Government	Investment Grade*	Non- Investment Grade	Not Rated	Total	Effective Duration (in years)
U.S. treasury securities	\$ 1,626,323	\$ —	\$ —	\$ —	\$ 1,626,323	1.86
U.S. government agency	337,789	—	—	—	337,789	4.88
Mortgage-backed	—	53,787	74,929	80,417	209,133	1.41
Asset-backed	4,725	493,355	15,239	91,140	604,459	0.86
Corporate and other	—	227,247	—	67,393	294,640	1.80
Total	\$ 1,968,837	\$ 774,389	\$ 90,168	\$ 238,950	\$ 3,072,344	1.96

* Investment grade securities are those that are rated BBB and higher by Standard and Poor's or Baa and higher by Moody's.

6. Foreign Currency Risk

Foreign currency risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University's investment policies

permit investments in international equity and other asset classes that can include foreign currency exposure. To manage foreign currency exposure, the University also enters into foreign currency forward contracts, futures contracts, and options. The University held non-U.S. denominated securities at June 30, 2023, of \$1.69 billion.

The following schedule, stated in U.S. dollars, details the fair value of foreign denominated securities by currency type:

University of Washington
Consolidated Endowment Fund
Foreign Currency Risk
June 30, 2023
(expressed in thousands)

Foreign Currency	Amount
Australia-Dollar	\$ 46,221
Brazil-Real	54,818
Britain-Pound	131,615
Canada-Dollar	56,766
China-Renminbi	249,307
Denmark-Krone	16,942
E.M.U.-Euro	381,161
Hong Kong-Dollar	38,729
India-Rupee	147,387
Indonesia-Rupiah	16,088
Japan-Yen	171,251
Mexico-Peso	10,184
Norway-Krone	15,098
Singapore-Dollar	16,558
South Africa-Rand	18,354
South Korea-Won	49,467
Sweden-Krona	44,505
Switzerland-Franc	41,299
Taiwan-Dollar	34,648
Other	152,486
Total	\$ 1,692,884

7. Derivative Instruments

The University's investment policies allow investing in various derivative instruments, including futures, swaps, and forwards, to manage exposures within or across the portfolio and to improve the portfolio's risk/return profile. Derivative instruments are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value.

As of June 30, 2023, the University had outstanding futures contracts with notional amounts totaling \$98.2 million and accumulated unrealized gains on these contracts totaled \$171 thousand. These accumulated unrealized gains are included in investments on the Statement of Net Position.

Credit exposure represents exposure to counterparties relating to financial instruments where gains exceed collateral held by the University or losses are less than the collateral posted by the University. There was no credit exposure as of June 30, 2023. The University had no hedging derivative instruments or derivative instruments for investment purposes as of June 30, 2023.

Details on foreign currency derivative instruments are disclosed under Foreign Currency Risk.

F. INVESTMENTS - OFFICE OF THE STATE TREASURER CASH MANAGEMENT ACCOUNT

1. Summary of Investment Policies

The Office of the State Treasurer (OST) operates the state's Cash Management Account for investing Treasury/Trust funds in excess of daily requirements. Investment income earned is allocated based on average daily cash balance. Pursuant to state law, all earnings on investments of Treasury/Trust funds are credited to the General Fund except as specifically provided in RCW 43.79A.040 and RCW 43.84.092. In fiscal year 2023, a portion of the investment income reported by the General Fund was earned by other funds.

The State Treasurer and designated investment officers shall adhere to all restrictions on the investment of funds established by law and by policy.

Investment Objectives. All Treasury/Trust funds will be invested in conformance with federal, state, and other legal requirements. The primary objectives of the portfolio shall be safety and liquidity, with return on investment a secondary objective.

Investments shall be undertaken in a manner that seeks preservation of capital in the overall portfolio. Because the investment portfolio must remain liquid to enable the State Treasurer to meet all cash requirements that can reasonably be anticipated, investments will be managed to maintain cash balances needed to meet daily obligations of the state. After assuring needed levels of safety and liquidity, the investment portfolio will be structured to attain a market rate of return.

Eligible Investments. Eligible investments are only those securities and deposits authorized by statute (chapters 39.58, 43.250, and 43.84.080 RCW). Eligible investments include:

- Obligations of the U.S. government.
- Obligations of U.S. government agencies or of corporations wholly owned by the U.S. government.
- U.S. dollar denominated obligations of supranational institutions, provided that at the time of investment the institution has the U.S. government as its largest shareholder.
- Obligations of government-sponsored enterprises that are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve.

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- Commercial paper, provided that the OST adheres to policies and procedures of the Washington State Investment Board (WSIB) regarding commercial paper (RCW 43.84.080(5)).
- Corporate notes, provided that the OST adheres to the investment policies and procedures adopted by the WSIB (RCW 43.84.080(7)).
- General obligation municipal bonds that have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.
- Investment deposits with financial institutions qualified by the Washington Public Deposit Protection Commission (RCW 39.58.010(9)) and deposits made pursuant to RCW 39.58.080.
- Local Government Investment Pool (LGIP).
- Obligations of the state of Washington or its political subdivisions.

Investment Restrictions. To provide for the safety and liquidity of Treasury/Trust funds, the Cash Management Account investment portfolio is subject to the minimum restrictions listed below. Certain investment instruments are subject to more restrictive limitations.

- The final maturity of any security will not exceed ten years.
- Purchase of collateralized mortgage obligations is not allowed.

- The allocation to investments subject to high price sensitivity or reduced marketability will not exceed 15 percent of the daily balance of the portfolio.

Additionally, investments in non-government securities, excluding collateral of repurchase agreements, must fall within prescribed limits.

Limitations and Restrictions on LGIP Participant Withdrawals. Participants of the LGIP may contribute and withdraw funds on a daily basis and must inform the OST of any contribution or withdrawal over one million dollars no later than 9:00 a.m. on the same day the transaction is made. Contributions or withdrawals for one million dollars or less can be requested at any time prior to 10:00 a.m. on the day of the transaction. However, participants may complete transactions greater than one million dollars when notification is made between 9:00 a.m. and 10:00 a.m., at the sole discretion of the OST. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

2. Valuation of Investments

The OST reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The following table presents fair value measurements as of June 30, 2023:

Office of the State Treasurer
Cash Management Account
Investments Measured at Fair Value
June 30, 2023
(expressed in thousands)

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities				
U.S. government securities	\$ 6,034,205	\$ —	\$ 6,034,205	\$ —
U.S. agency securities	4,619,418	—	4,619,418	—
Supranational securities	2,138,830	—	2,138,830	—
Corporate notes	668,314	—	668,314	—
Total Investments Measured at Fair Value	\$ 13,460,767	\$ —	\$ 13,460,767	\$ —

Investments classified as level 2. The debt securities classified as level 2 in the above table are valued using observable inputs including quoted prices for similar securities and interest rates.

3. Securities Lending

State statutes permit the OST to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities

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in the future. The OST has contracted with Northern Trust as a lending agent and Northern Trust receives a share of income earned from this activity. The lending agent lends U.S. government, U.S. agency, and supranational securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the fair value of the loaned securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent.

The cash is invested by the lending agent in repurchase agreements, deposit accounts, or money market instruments, in accordance with investment guidelines approved by the OST. The securities held as collateral and the securities underlying the cash collateral are held by the custodian. During fiscal year 2023, there was no cash collateral from securities lending.

Contracts require the lending agent to indemnify the OST if the borrowers fail to return securities and if the collateral is inadequate to replace the securities lent, or if the borrower fails to pay the OST for income distribution by the securities' issuers while the securities are on loan. The OST cannot pledge or sell collateral securities received unless the borrower defaults. At June 30, 2023, the fair value of securities on loan totaled \$1.51 billion.

The OST investment policy requires that any securities on loan be made available by the lending agent for next day

liquidity at the option of the OST. During fiscal year 2023, the OST had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the OST.

There were no violations of legal or contractual provisions, and there were no losses resulting from a default of a borrower or lending agent during the fiscal year.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The Treasury/Trust investments are separated into portfolios with objectives based primarily on liquidity needs.

The OST's investment policy limits the weighted average maturity of its investments to mitigate the effect of interest rate risk. Policy also directs due diligence to be exercised with timely reporting of material deviation from expectations and actions taken to control adverse developments as may be possible.

The following schedules present the OST investments and related maturities, and provide information about the associated interest rate risks as of June 30, 2023:

Office of the State Treasurer
Cash Management Account
Schedule of Maturities
June 30, 2023
(expressed in thousands)

Investment Type	Total Fair Value	Maturity		
		Less than 1 Year	1-5 Years	6-10 Years
U.S. government securities	\$ 8,174,739	\$ 4,089,995	\$ 4,084,744	\$ —
U.S. agency securities	5,718,098	1,965,106	3,727,753	25,239
Supranational securities	2,286,971	894,213	1,392,758	—
Investments with LGIP	2,209,706	2,209,706	—	—
Interest bearing bank accounts	743,051	743,051	—	—
Corporate notes	668,314	215,878	452,436	—
Certificates of deposit	58,753	58,753	—	—
Total Investments	\$ 19,859,632	\$ 10,176,702	\$ 9,657,691	\$ 25,239

State of Washington

Credit ratings of investments are presented using the Standard and Poor's (S&P) rating scale as follows:

Office of the State Treasurer			
Cash Management Account			
Investment Credit Ratings			
June 30, 2023			
<i>(expressed in thousands)</i>			
S&P Credit Rating	Investment Type		
	Corporate Notes	Supranationals	Total Fair Value
S&P short-term credit rating			
A-1+	\$ —	\$ 148,141	\$ 148,141
S&P long-term credit rating			
AAA	37,711	2,068,117	2,105,828
AA+	82,160	70,713	152,873
AA	141,072	—	141,072
AA-	64,425	—	64,425
A+	125,903	—	125,903
A	159,851	—	159,851
A-	23,766	—	23,766
Unrated*	33,426	—	33,426
Total	\$ 668,314	\$ 2,286,971	\$ 2,955,285

*Investments are rated Aa2 by Moody's

5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The OST limits credit risk by adhering to the OST investment policy which restricts the types of investments the OST can participate in to U.S. government and agency securities, U.S. dollar denominated obligations of supranational institutions, commercial paper, corporate notes, general obligation municipal bonds, and deposits with qualified public depositories. Investments in non-government securities may not exceed set percentages of the total daily portfolio size.

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The OST investment policy requires that securities purchased by the office be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the OST's exposure to risk and ensure the safety of the investment.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. For non-governmental securities, the OST adheres to the WSIB policy on commercial paper and corporate notes investments which limits its exposure to concentration of credit risk by restricting the amount of investments to no more than 3 percent of the portfolio to any single issuer.

6. Repurchase Agreements

Repurchase agreements and securities accepted for repurchase agreements are subject to the following additional restrictions:

- Transactions will be conducted under the terms of a written master repurchase agreement and only with primary dealers, the state's bank of record, or master custodial bank.
- Purchased securities utilized in repurchase agreements will be limited to government securities. Repurchase agreements with any single primary dealer or financial institution will not exceed 20 percent of the portfolio. The maximum term of repurchase agreements will be 180 days. The share of the portfolio allocated to repurchase agreements with maturities beyond 30 days will not exceed 30 percent of the total portfolio.
- Securities utilized in repurchase agreements with a maturity date longer than seven days are priced at least weekly and are held by the Treasury/Trust custodian in the state's name.
- The fair value, plus accrued income, of securities utilized in repurchase agreements will be priced at 102 percent of the value of the repurchase agreement, plus accrued income.

The OST invested in repurchase agreements during fiscal year 2023. There were no repurchase agreements as of June 30, 2023.

Note 4 Receivables and Unearned/Unavailable Revenues

A. GOVERNMENTAL FUNDS

Taxes Receivable

Taxes receivable at June 30, 2023, consisted of the following (expressed in thousands):

Taxes Receivable	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
Property	\$ 2,221,928	\$ —	\$ —	\$ —	\$ 2,221,928
Sales	1,768,244	—	—	11,177	1,779,421
Business and occupation	1,206,150	51,965	—	13,006	1,271,121
Estate	—	30,658	—	15,072	45,730
Fuel	—	—	—	133,836	133,836
Beer and wine	—	—	—	5,740	5,740
Cannabis	—	—	—	41,811	41,811
Real estate excise	34,837	5,828	—	10,449	51,114
Insurance Premium	97	—	—	—	97
Public utilities	47,092	13	—	2,331	49,436
Hazardous substance	—	—	—	26,448	26,448
Other	835,650	797	—	45,246	881,693
Subtotal	6,113,998	89,261	—	305,116	6,508,375
Less: Allowance for uncollectible receivables	599,242	3,333	—	4,138	606,713
Total Taxes Receivable	\$ 5,514,756	\$ 85,928	\$ —	\$ 300,978	\$ 5,901,662

Receivables

Receivables at June 30, 2023, consisted of the following (expressed in thousands):

Receivables	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
Public assistance ⁽¹⁾	\$ 408,221	\$ —	\$ —	\$ —	\$ 408,221
Accounts receivable	1,114,475	789,322	57,992	532,463	2,494,252
Interest	55,035	20,822	3,638	26,526	106,021
Loans ⁽²⁾	3,600	73,360	—	803,463	880,423
Long-term contracts ⁽³⁾	4,810	—	13,778	105,360	123,948
Leases receivable	279	361,379	—	21,689	383,347
Miscellaneous	1,486	851	—	941	3,278
Subtotal	1,587,906	1,245,734	75,408	1,490,442	4,399,490
Less: Allowance for uncollectible receivables	485,747	51,934	9	154,378	692,068
Total Receivables	\$ 1,102,159	\$ 1,193,800	\$ 75,399	\$ 1,336,064	\$ 3,707,422

Notes:

⁽¹⁾ Public assistance receivables mainly represent amounts owed to the state as part of the Support Enforcement Program at the Department of Social and Health Services for the amounts due from persons required to pay support for individuals currently on state assistance; these have a low realization expectation. Accordingly, the receivable is offset by a large allowance for uncollectible receivables.

⁽²⁾ Significant long-term portions of loans receivable include \$54.3 million in the Higher Education Special Revenue Fund for student loans and \$765.6 million in Nonmajor Governmental Funds for low income housing, public works, and economic development/revitalization loans.

⁽³⁾ Long-term contracts in Nonmajor Governmental Funds are for timber sales contracts.

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Unearned Revenue

Unearned revenue at June 30, 2023, consisted of the following (expressed in thousands):

Unearned Revenue	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
Other taxes	\$ 4,283	\$ —	\$ —	\$ —	\$ 4,283
Charges for services	195,089	236,842	—	33,139	465,070
Donable goods	—	—	—	5,614	5,614
Grants and donations ⁽¹⁾	1,140,943	8,435	—	8,408	1,157,786
Tolls	—	—	—	26,213	26,213
Transportation	—	—	—	11,449	11,449
Miscellaneous	1,328	9,871	—	10,026	21,225
Total Unearned Revenue	\$ 1,341,643	\$ 255,148	\$ —	\$ 94,849	\$ 1,691,640

Notes:

⁽¹⁾ Unearned revenue from grants and donations includes \$1.01 billion in federal stimulus funds received from the U.S. Department of the Treasury under the American Rescue Plan, but not yet spent.

Unavailable Revenue

Unavailable revenue at June 30, 2023, consisted of the following (expressed in thousands):

Unavailable Revenue	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
Property taxes	\$ 2,178,459	\$ —	\$ —	\$ —	\$ 2,178,459
Other taxes	1,569,855	31,909	—	23,636	1,625,400
Timber sales	4,810	—	13,778	105,360	123,948
Transportation	—	—	—	98	98
Charges for services	3,216	—	—	10,170	13,386
Miscellaneous	—	—	—	13,992	13,992
Total Unavailable Revenue	\$ 3,756,340	\$ 31,909	\$ 13,778	\$ 153,256	\$ 3,955,283

B. PROPRIETARY FUNDS

Receivables

Receivables at June 30, 2023, consisted of the following (expressed in thousands):

Receivables	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
Accounts receivable	\$ 1,183,296	\$ 2,015,937	\$ 542,706
Interest	131,969	—	1,050
Investment trades pending	—	—	—
Loans	—	—	281
Leases receivable	—	—	4,574
Miscellaneous	83	—	492
Subtotal	1,315,348	2,015,937	549,103
Less: Allowance for uncollectible receivables	266,137	689,368	21,966
Total Receivables	\$ 1,049,211	\$ 1,326,569	\$ 527,137

Unearned Revenue

Unearned revenue at June 30, 2023, consisted of the following (expressed in thousands):

Unearned Revenue	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
Charges for services	\$ —	\$ —	\$ 133,009
Premiums and assessments	2,047	—	—
Miscellaneous	3,603	11,179	291
Total Unearned Revenue	\$ 5,650	\$ 11,179	\$ 133,300

Taxes Receivables

Taxes receivables at June 30, 2023, consisted of \$2.1 million for petroleum products, net of allowance.

C. FIDUCIARY FUNDS

Other Receivables

Receivables at June 30, 2023, consisted of \$70.3 million for interest and other miscellaneous amounts.

Unearned Revenue

Unearned revenue at June 30, 2023, consisted of \$1.0 million for service credit restorations reported in Pension and Other Employee Benefit Plans.

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			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total		Internal Service Funds
\$ 60,287	\$ 525,916	\$ 4,328,142	\$ 89,102	
1,344	2,690	137,053	18	
—	59	59	—	
—	—	281	116	
—	—	4,574	—	
—	—	575	95	
61,631	528,665	4,470,684	89,331	
192	4,880	982,543	3,375	
\$ 61,439	\$ 523,785	\$ 3,488,141	\$ 85,956	

			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total		Internal Service Funds
\$ 1,867	\$ 1,209	\$ 136,085	\$ 8,605	
—	49,381	51,428	—	
—	2	15,075	260	
\$ 1,867	\$ 50,592	\$ 202,588	\$ 8,865	

Note 5

Interfund Balances and Transfers

A. INTERFUND BALANCES

Interfund balances as reported in the financial statements at June 30, 2023, consisted of the following (expressed in thousands):

Due To	Due From				
	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Workers' Compensation
General	\$ —	\$ 7,487	\$ —	\$ 1,106,252	\$ 305
Higher Education Special Revenue	173,257	—	866,078	20,310	1,483
Higher Education Endowment and Other Permanent Funds	—	—	—	55	—
Nonmajor Governmental Funds	88,571	749	2,216	377,039	24
Workers' Compensation	8	115	—	72	—
Unemployment Compensation	1,734	1,721	—	517	50
Higher Education Student Services	88	16,766	—	22	60
Health Insurance	18	—	—	—	—
Nonmajor Enterprise Funds	23,282	49	—	8,199	—
Internal Service Funds	47,710	5,298	—	36,785	5,893
Totals	\$ 334,668	\$ 32,185	\$ 868,294	\$ 1,549,251	\$ 7,815

Except as noted below, interfund balances are expected to be paid within one year from the date of the financial statements. These balances resulted from the time lag between the dates that (1) interfund goods and services were provided and when the payments occurred and (2) interfund transfers were accrued and when the liquidations occurred.

Interfund balances include: (1) \$135.3 million on a revolving loan from the Higher Education Special Revenue Fund to the Higher Education Student Services Fund, (2) \$6.7 million on a loan from the Higher Education Special Revenue Fund to the Higher Education Student Services Fund which is expected to be paid over the next nine years, and (3) \$10.6 million on a loan from the Higher Education Special Revenue Fund to the Higher Education Student Services Fund which is expected to be paid over the next 29 years.

In addition to the interfund balances noted in the schedule above, there are interfund balances of \$101.7 million within the state's Pension Trust Funds.

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Due From

Unemployment Compensation	Higher Education Student Services	Health Insurance	Nonmajor Enterprise Funds	Internal Service Funds	Local Government Investment Pool	Totals
\$ 10	\$ —	\$ —	\$ 80,111	\$ 138,162	\$ —	\$ 1,332,327
—	220,836	176	141	21,713	—	1,303,994
—	—	—	—	—	—	55
2,907	3	49	357	6,513	89	478,517
—	—	—	—	60	—	255
—	—	—	25	84	—	4,131
—	—	—	—	80	—	17,016
—	—	—	—	1	—	19
—	3	—	36,768	817	20	69,138
—	74	357	715	8,904	—	105,736
\$ 2,917	\$ 220,916	\$ 582	\$ 118,117	\$ 176,334	\$ 109	\$ 3,311,188

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B. INTERFUND TRANSFERS

Interfund transfers as reported in the financial statements for the year ended June 30, 2023, consisted of the following (expressed in thousands):

Transferred From	Transferred To				
	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Workers' Compensation
General	\$ —	\$ 1,285	\$ 10,300	\$ 2,260,053	\$ —
Higher Education Special Revenue	129,439	—	93,387	197,340	—
Higher Education Endowment and Other Permanent Funds	—	282,084	—	30,772	—
Nonmajor Governmental Funds	432,231	59,134	1,959	3,651,888	—
Workers' Compensation	385	—	—	—	—
Unemployment Compensation	—	—	—	—	—
Higher Education Student Services	—	674,112	—	9,618	—
Health Insurance	29	—	—	1,486	—
Nonmajor Enterprise Funds	252,623	—	—	13,898	—
Internal Service Funds	385	25,436	—	173	—
Totals	\$ 815,092	\$ 1,042,051	\$ 105,646	\$ 6,165,228	\$ —

Except as noted below, transfers are used to (1) move revenues from the fund that statute requires to collect them to the fund that statute requires to expend them, (2) move receipts designated for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (4) move profits from the Lottery Fund as required by law, and (5) transfer amounts to and from the General Fund as required by law.

On June 30, 2023, \$310.0 million was transferred from the General Fund Basic Account to the Budget Stabilization Account (BSA) in accordance with the provisions of the state Constitution. The state Constitution details a limited number of circumstances under which funds can be appropriated from the BSA, one of which is a favorable vote of at least three-fifths of the members of each house of the Legislature.

In addition to the transfers noted in the schedule above, there were transfers of \$97.0 million within the state's Pension Trust Funds.

State of Washington

Transferred To

Unemployment Compensation	Higher Education Student Services	Health Insurance	Nonmajor Enterprise Funds	Internal Service Funds	Totals
\$ —	\$ —	\$ 25	\$ 215,924	\$ 242,094	\$ 2,729,681
—	734,437	—	—	17,546	1,172,149
—	—	—	—	—	312,856
—	75	—	—	—	4,145,287
—	—	—	—	—	385
—	—	—	—	—	—
—	—	—	—	437	684,167
—	—	—	—	—	1,515
—	—	—	—	—	266,521
—	1,497	—	—	16	27,507
\$ —	\$ 736,009	\$ 25	\$ 215,924	\$ 260,093	\$ 9,340,068

Note 6

Capital Assets

Capital assets at June 30, 2023, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

A. GOVERNMENTAL CAPITAL ASSETS

The following is a summary of governmental capital asset activity for the year ended June 30, 2023 (expressed in thousands):

Capital Assets	Balances July 1, 2022*	Additions	Deletions/ Adjustments	Balances June 30, 2023
Capital Assets, Not Being Depreciated:				
Land	\$ 3,057,586	\$ 75,991	\$ (54,497)	\$ 3,079,080
Transportation infrastructure	27,028,550	793,314	—	27,821,864
Intangible assets - indefinite lives	37,221	—	—	37,221
Art collections, library reserves, and museum and historical collections	159,085	2,867	(306)	161,646
Construction in progress	1,829,818	1,017,306	(647,903)	2,199,221
Total Capital Assets, Not Being Depreciated	<u>32,112,260</u>			<u>33,299,032</u>
Capital Assets, Being Depreciated:				
Buildings	16,708,022	852,903	(60,988)	17,499,937
Accumulated depreciation	(7,806,915)	(511,291)	22,742	(8,295,464)
Net buildings	<u>8,901,107</u>			<u>9,204,473</u>
Other improvements	1,733,358	34,907	(445)	1,767,820
Accumulated depreciation	(1,035,444)	(45,169)	137	(1,080,476)
Net other improvements	<u>697,914</u>			<u>687,344</u>
Furnishings, equipment, and intangible assets	6,440,116	493,757	(430,498)	6,503,375
Accumulated depreciation	(4,365,106)	(334,143)	311,416	(4,387,833)
Net furnishings, equipment, and intangible assets	<u>2,075,010</u>			<u>2,115,542</u>
Infrastructure	1,458,871	30,757	(22,700)	1,466,928
Accumulated depreciation	(806,143)	(45,860)	2,871	(849,132)
Net infrastructure	<u>652,728</u>			<u>617,796</u>
Total Capital Assets, Being Depreciated, Net	<u>12,326,759</u>			<u>12,625,155</u>
Lease and Subscription Assets, Net (see Note 10)	<u>1,502,460</u>	118,385	(28,010)	<u>1,592,835</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,941,479</u>			<u>\$ 47,517,022</u>

*The beginning balances reflect prior period adjustments due to the implementation of GASB Statement No. 94, *Public-Private and Public-Private Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as well as leases that should have been previously recorded under GASB Statement No. 87, *Leases*, which resulted in an increase in capital assets of \$217.3 million and an increase in accumulated amortization/depreciation of \$2.6 million.

State of Washington

B. BUSINESS-TYPE CAPITAL ASSETS

The following is a summary of business-type capital asset activity for the year ended June 30, 2023 (expressed in thousands):

Capital Assets	Balances July 1, 2022*	Additions	Deletions/ Adjustments	Balances June 30, 2023
Capital Assets, Not Being Depreciated:				
Land	\$ 74,748	\$ —	\$ (27)	\$ 74,721
Intangible assets - indefinite lives	4,580	—	—	4,580
Art collections	40	128	—	168
Construction in progress	234,509	120,478	(180,467)	174,520
Total Capital Assets, Not Being Depreciated	<u>313,877</u>			<u>253,989</u>
Capital Assets, Being Depreciated:				
Buildings	4,818,328	58,366	(102,013)	4,774,681
Accumulated depreciation	(1,997,791)	(151,414)	12,824	(2,136,381)
Net buildings	<u>2,820,537</u>			<u>2,638,300</u>
Other improvements	156,994	10,042	—	167,036
Accumulated depreciation	(82,896)	(7,148)	—	(90,044)
Net other improvements	<u>74,098</u>			<u>76,992</u>
Furnishings, equipment, and intangible assets	978,247	190,103	(21,311)	1,147,039
Accumulated depreciation	(783,066)	(91,242)	31,080	(843,228)
Net furnishings, equipment, and intangible assets	<u>195,181</u>			<u>303,811</u>
Infrastructure	64,593	1,280	(2,270)	63,603
Accumulated depreciation	(37,877)	(2,040)	1,628	(38,289)
Net infrastructure	<u>26,716</u>			<u>25,314</u>
Total Capital Assets, Being Depreciated, Net	<u>3,116,532</u>			<u>3,044,417</u>
Lease and Subscription Assets, Net (see Note 10)	<u>269,177</u>	42,565	(1,483)	<u>310,259</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,699,586</u>			<u>\$ 3,608,665</u>

*The beginning balances reflect prior period adjustments due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as well as leases that should have been previously recorded under GASB Statement No. 87, *Leases*, which resulted in an increase in capital assets of \$34.2 million and an increase in accumulated amortization/depreciation of \$6.9 million.

C. DEPRECIATION AND AMORTIZATION

Depreciation/amortization expense for the year ended June 30, 2023, was charged by the primary government as follows (expressed in thousands):

	Lease Assets	Subscription Assets	Remaining Capital Assets, being depreciated
Governmental Activities:			
General government	\$ 43,903	\$ 34,810	\$ 92,581
Education - elementary and secondary (K-12)	124	190	3,975
Education - higher education	45,527	23,626	574,862
Human services	85,358	17,115	57,568
Adult corrections	8,286	2,704	46,674
Natural resources and recreation	6,116	1,477	53,859
Transportation	11,126	3,310	106,944
Total Depreciation/Amortization Expense - Governmental Activities *	\$ 200,440	\$ 83,232	\$ 936,463
Business-Type Activities:			
Workers' compensation	\$ 8,817	\$ 2,769	\$ 2,027
Unemployment compensation	—	—	—
Higher education student services	38,369	11,485	243,712
Health Insurance	850	—	46
Other	1,733	1,335	6,059
Total Depreciation/Amortization Expense - Business-Type Activities	\$ 49,769	\$ 15,589	\$ 251,844

*Includes internal service fund depreciation/amortization expense that was allocated to governmental activities as a component of net internal service fund activity in the amounts of \$23.7 million for lease assets, \$24.0 million for subscription assets, and \$95.9 million for other capital assets, being depreciated/amortized.

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D. CONSTRUCTION IN PROGRESS

Major construction commitments of the state at June 30, 2023, are as follows (expressed in thousands):

Agency / Project Commitments	Construction in Progress June 30, 2023	Remaining Project Commitments
Continued		
Office of the Secretary of State:		
Library-Archives building	\$ 7,576	\$ 153,704
Office of Financial Management:		
One Washington	70,101	106,157
Department of Retirement Systems:		
CORE: Pension Administration Modernization	3,000	63,000
Department of Enterprise Services:		
Legislative Campus modernization and other projects	37,128	222,107
Liquor and Cannabis Board:		
Systems modernization project	15,503	2,912
Department of Labor and Industries:		
Division of Occupational Safety and Health Lab and Training Facility	52,114	2,476
Military Department:		
Thurston County and Anacortes Readiness Centers, and other projects	25,641	9,954
Department of Social and Health Services:		
Residential, rehabilitation, and other facilities	69,959	72,675
State hospitals / treatment centers	132,701	97,973
Department of Children, Youth, and Families:		
Green Hill school recreation center replacement, Echo Glen housing unit, and other projects	32,550	13,494
Department of Corrections:		
Correctional center units security and safety improvements	16,532	8,527
Other projects	1,087	8,288
Center for Deaf and Hard of Hearing Youth:		
Academic and physical education facility	7,162	50,201
Department of Transportation:		
Olympic and Dayton Ave Regional Headquarter building projects	106,820	480
State ferry vessels and terminals	506,464	34,658
Transportation infrastructure	—	5,550,851
Other projects	3,133	3,260
State Parks and Recreation Commission:		
Schafer State Park campground relocation and other projects	11,977	1,891

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Agency / Project Commitments	Construction in Progress June 30, 2023	Concluded Remaining Project Commitments
Department of Fish and Wildlife:		
Deschutes watershed and Wooten wildlife area projects	\$ 15,603	\$ 34,481
Samish, Naselle, and Wallace River hatcheries and other hatchery projects	32,672	36,055
Other projects	19,297	41,047
Employment Security Department:		
Internal Accounting Financial System, WorkSource Integrated Technology, Long-Term Services and Support System and other projects	5,288	38,025
University of Washington:		
Interdisciplinary Education & Research building, water infiltration repairs, Behavioral Health teaching facility, Haring Center renovation, campus building stabilization, UW Bothell STEM building, and other projects	578,501	186,632
Intramural Activities (IMA) locker rooms/pool upgrades and other projects	28,119	8,462
UW Medical Center expansion, upgrades, and renovation projects	45,952	24,482
Other projects	4,594	6,486
Washington State University:		
Rogers interior renovations and other housing and dining projects	385	237
Taylor Sports Complex and Golf Team Clubhouse	481	13
Vancouver Life Sciences building, Spokane Biomedical and Health Sciences building, Johnson Hall replacement and other facility projects	82,330	17,979
Other projects	20,480	4,283
Eastern Washington University:		
Science Center renovation, energy plant, and other projects	52,903	87,334
Central Washington University:		
Health Education building and other projects	72,120	—
Western Washington University:		
Electrical Engineering and Computer Science Building and other projects	20,977	67,690
Community and Technical Colleges:		
Bellevue Center for Transdisciplinary Learning and other projects	1,575	39,362
Columbia Basin student recreation center	32,799	—
Everett Learning Resource Center and other projects	47,294	7,306
Grays Harbor Student Services Instructional building	34,866	—
Pierce College buildings, and other projects	23,591	55,016
Seattle Library renovation, Automotive Technology building renovation, and other projects	64,675	8,032
Spokane Fine Applied Arts and MOSS buildings, and other projects	27,213	22,714
Tacoma Center for Innovative Learning and Engagement and other projects	2,710	46,178
Other community college projects	34,868	20,038
Other Agency Projects:	25,000	14,075
Total Construction in Progress	<u>\$ 2,373,741</u>	<u>\$ 7,168,535</u>

Note 7

Long-Term Liabilities

A. BONDS AND NOTES PAYABLE

Bonds payable at June 30, 2023, include general obligation bonds, revenue bonds, and notes payable. They are reported by the state of Washington within governmental activities and business-type activities, as applicable.

The state Constitution and enabling statutes authorize the incurrence of state general obligation debt, to which the state's full faith, credit, and taxing power are pledged, either by the Legislature or by a body designated by statute (presently the State Finance Committee).

Authorization arises in the following situations:

- From an affirmative vote of 60 percent of the members of each house of the Legislature without voter approval, in which case the amount of such debt is generally subject to the constitutional debt limitation described below.
- When authorized by law for a distinct work or object and approved by a majority of the voters voting thereon at a general election or a special election called for that purpose, in which case the amount of the debt so approved is not subject to the constitutional debt limitations described below.
- By the State Finance Committee without limitation as to amount, and without approval of the Legislature or approval of the voters.

The State Finance Committee debt authorization does not require voter approval; however, it is limited to providing for: (1) meeting temporary deficiencies of the state treasury if such debt is discharged within 12 months of the date of incurrence and is incurred only to provide for appropriations already made by the Legislature; or (2) refunding of outstanding obligations of the state.

Legal Debt Limitation

The state Constitution limits the amount of state debt that may be incurred by restricting the amount of general state revenues which may be allocated to pay principal and interest on debt subject to these limitations. In November 2012, voters passed a constitutional amendment specifying that maximum annual payments of principal and interest on all debt subject to the limit may not exceed a percentage of the average of the prior six years' general state revenues; this percentage currently stands at 8.25 percent and will decline to 8.00 percent by July 1, 2034. This limitation restricts the incurrence of new debt and not the amount of debt service that may be paid by the state in future years. The state Constitution

requires the State Treasurer to certify the debt service limitation for each fiscal year. In accordance with these provisions, the debt service limitation for fiscal year 2023 is \$1.99 billion.

This computation excludes specific bond issues and types that are not secured by general state revenues. Of the \$20.94 billion general obligation bond debt principal outstanding at June 30, 2023, \$13.71 billion is subject to the limitation.

Based on the debt limitation calculation, the debt service requirements as of June 30, 2023, did not exceed the authorized debt service limitation.

For further information on the debt limit, refer to the Report on the State of Washington's Debt Limitation available from the Office of the State Treasurer at: [Report on the State of Washington's Debt Limitation](#) or to Schedule 11 in the Statistical Section of this report.

Authorized But Unissued

The state had a total of \$16.39 billion in general obligation bonds authorized but unissued as of June 30, 2023, for the purpose of capital construction, higher education, transportation, and various other projects throughout the state.

Interest Rates

Interest rates on fixed rate general obligation bonds range from 0.21 to 5.70 percent. Interest rates on revenue bonds range from 0.19 to 8.00 percent.

Debt Service Requirements to Maturity

General Obligations Bonds

General obligation bonds have been authorized and issued primarily to provide funds for the following purposes:

- Acquisition and construction of state and common school capital facilities.
- Transportation construction and improvement projects.
- Assistance to local governments for public works capital projects.
- Refunding of general obligation bonds outstanding.

Outstanding general obligation bonds are presented in the Washington State Treasurer's Annual Report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, WA 98504-0200, phone number (360) 902-9000 or TTY 711, or by visiting their website at: [Annual Reports](#).

State of Washington

Total debt service requirements to maturity for general obligation bonds as of June 30, 2023, are as follows (expressed in thousands):

General Obligation Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2024	\$ 1,145,959	\$ 1,026,521	\$ —	\$ —	\$ 1,145,959	\$ 1,026,521
2025	1,134,375	996,226	—	—	1,134,375	996,226
2026	1,149,111	942,946	—	—	1,149,111	942,946
2027	1,149,834	890,670	—	—	1,149,834	890,670
2028	1,143,256	840,302	—	—	1,143,256	840,302
2029-2033	5,642,453	3,217,077	—	—	5,642,453	3,217,077
2034-2038	4,560,680	1,840,376	—	—	4,560,680	1,840,376
2039-2043	3,586,685	802,130	—	—	3,586,685	802,130
2044-2048	1,425,665	154,010	—	—	1,425,665	154,010
Total Debt Service Requirements	\$ 20,938,018	\$ 10,710,258	\$ —	\$ —	\$ 20,938,018	\$ 10,710,258

Revenue Bonds

Revenue bonds are authorized under current state statutes which provide for the issuance of bonds that are not supported, or not intended to be supported, by the full faith and credit of the state.

investment income. General revenue bonds outstanding as of June 30, 2023, include \$859.2 million in governmental activities and \$1.83 billion in business-type activities.

General Revenue

The University of Washington and Washington State University issue general revenue bonds that are payable from general revenues, including student tuition, grant indirect cost recovery, sales and services revenue, and

Pledged Revenue

The remainder of the state's revenue bonds pledged income derived from acquired or constructed assets for retirement of the debt and payment of the related interest.

Total debt service requirements for revenue bonds to maturity as of June 30, 2023, are as follows (expressed in thousands):

Revenue Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2024	\$ 164,140	\$ 63,711	\$ 170,966	\$ 90,559	\$ 335,106	\$ 154,270
2025	142,558	56,082	95,238	87,005	237,796	143,087
2026	51,900	51,759	98,455	83,447	150,355	135,206
2027	55,629	49,590	101,905	79,509	157,534	129,099
2028	56,823	47,270	101,936	75,444	158,759	122,714
2029-2033	301,267	200,588	509,441	317,637	810,708	518,225
2034-2038	322,135	132,178	502,452	216,024	824,587	348,202
2039-2043	247,523	66,479	459,747	102,897	707,270	169,376
2044-2048	171,289	33,699	170,715	33,430	342,004	67,129
2049-2053	64,364	7,378	15,130	941	79,494	8,319
Total Debt Service Requirements	\$ 1,577,628	\$ 708,734	\$ 2,225,985	\$ 1,086,893	\$ 3,803,613	\$ 1,795,627

Governmental activities include revenue bonds outstanding at June 30, 2023, of \$33.3 million issued by the Tobacco Settlement Authority (TSA), which is a blended component unit of the state. In November 2002, the TSA issued \$517.9 million in bonds and transferred \$450.0 million to the state to be used for increased health care, long-term care, and other programs.

These bonds do not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. The bonds are obligations of the TSA and are secured solely by the TSA's right to receive 29.2 percent of the state's tobacco settlement revenues, restricted investments of the TSA, undistributed TSA bond proceeds, and the earnings thereon held under the indenture authorizing the bonds. Total principal and interest remaining on the bonds is \$40.4 million, payable through 2033. For the current year, both pledged revenue and debt service were \$31.2 million.

Governmental activities include grant anticipation revenue bonds outstanding at June 30, 2023, of \$185.0 million issued for the Washington State Department of Transportation. The bonds were issued to finance a portion of the cost of constructing the State Route 520 Floating Bridge and Eastside Project.

These bonds do not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. The bonds are payable solely from Federal-Aid Highway Program funds, including federal reimbursements of debt service on the bonds and federal reimbursements to the state for projects or portions of projects not financed with bond proceeds. Total principal and interest remaining on the bonds is \$194.2 million, payable through 2024. For the current year, both pledged revenue and debt service were \$99.4 million.

Governmental activities include the Transportation Infrastructure Finance and Innovation Act Bond (TIFIA Bond) outstanding at June 30, 2023, of \$280.1 million. The bonds were issued to finance a portion of the State Route 520 Corridor Program.

The TIFIA Bond is payable solely from toll revenues and does not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or

taxing power for payment of this bond. Total principal and interest remaining on the bond is \$466.3 million, payable through 2051. For the current year, both pledged revenue and debt service were \$12.7 million.

Governmental activities include revenue bonds outstanding at June 30, 2023, of \$24.8 million issued by TOP, which is a blended component unit of the state. The bonds, issued in 2004, are payable solely from the trust estate pledged under the indenture, including rental payments. The bonds were used to construct an office building in Tumwater, Washington which the state occupied beginning in fiscal year 2006.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on the bonds is \$28.2 million, payable through 2029. For the current year, both pledged revenue and debt service were \$4.4 million.

Governmental activities include revenue bonds outstanding at June 30, 2023, of \$195.3 million issued by FYI Properties, a blended component unit of the state. The bonds, issued in 2009, are payable solely from the trust estate pledged under the indenture, including rental payments. The bonds were used to construct an office building in Olympia, Washington which the state occupied beginning in fiscal year 2012.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on the bonds is \$287.8 million, payable through 2039. For the current year, both pledged revenue and debt service were \$18.1 million.

The state's colleges and universities may issue bonds for the purpose of housing, dining, parking, and student facilities construction. These bonds are reported within business-type activities and are secured by a pledge of specific revenues. These bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds.

The state colleges and universities may also enter into financing agreements, not offered for public sale, directly with investors or lenders.

State of Washington

Total pledged specific revenues for the state's colleges and universities to repay the principal and interest of revenue bonds as of June 30, 2023, are as follows (expressed in thousands):

Source of Revenue Pledged	Housing and Dining Revenues (Net of Operating Expenses)	Student Facilities Fees and Earnings on Invested Fees	Bookstore Revenues
Current revenue pledged	\$ 38,281	\$ 18,102	\$ —
Current year debt service	22,914	10,506	202
Total future revenues pledged *	431,219	128,412	2,225
Description of debt	Housing and dining bonds issued in 2010-2020	Student facilities bonds issued in 2013-2022	Bookstore bonds issued in 2013
Purpose of debt	Construction and renovation of student housing and dining facilities	Construction and renovation of student activity and sports facilities	Bookstore remodel
Term of commitment	2026-2049	2028-2047	2034
Percentage of debt service to pledged revenues (current year)	59.86 %	58.04 %	— %

* Total future principal and interest payments.

Other Notes Payable

Total debt service requirements for other notes payable to maturity as of June 30, 2023, are as follows (expressed in thousands):

Notes Payable	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2024	\$ 961	\$ 34	\$ —	\$ —	\$ 961	\$ 34
2025	129	—	—	—	129	—
2026	115	—	—	—	115	—
Total	\$ 1,205	\$ 34	\$ —	\$ —	\$ 1,205	\$ 34

B. CERTIFICATES OF PARTICIPATION

Certificates of participation at June 30, 2023, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

Current state law authorizes the state to enter into long-term financing contracts for the acquisition of real or personal property and for the issuance of certificates of participation in the contracts. These certificates of

participation do not fall under the general obligation debt limitations and are generally payable only from annual appropriations by the Legislature.

Other specific provisions could also affect the state's obligation under certain agreements. The certificates of participation are recorded for financial reporting purposes if the possibility of the state not meeting the terms of the agreements is considered remote.

State of Washington

Total debt service requirements for certificates of participation to maturity as of June 30, 2023, are as follows (expressed in thousands):

Certificates of Participation	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2024	\$ 140,053	\$ 46,111	\$ 6,123	\$ 2,016	\$ 146,176	\$ 48,127
2025	52,053	20,444	17,220	6,763	69,273	27,207
2026	50,243	17,869	16,621	5,912	66,864	23,781
2027	44,974	15,404	14,878	5,096	59,852	20,500
2028	36,454	13,461	12,060	4,453	48,514	17,914
2029-2033	123,110	46,478	40,727	15,376	163,837	61,854
2034-2038	93,852	22,041	31,048	7,291	124,900	29,332
2039-2043	34,231	5,672	11,324	1,876	45,555	7,548
2044-2048	4,235	286	1,402	94	5,637	380
Total Debt Service Requirements	\$ 579,205	\$ 187,766	\$ 151,403	\$ 48,877	\$ 730,608	\$ 236,643

C. DEBT REFUNDINGS

When advantageous and permitted by statute and bond covenants, the State Finance Committee authorizes the refunding of outstanding bonds and certificates of participation. Colleges and universities may also refund revenue bonds.

When the state refunds outstanding bonds, the net proceeds of each refunding issue are used to purchase U.S. government securities that are placed in irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds.

As a result, the refunded bonds are considered defeased and the liability is removed from the government-wide statement of net position.

Current Year Defeasances

Bonds

Governmental Activities

On May 10, 2023, the state issued \$828.7 million in various purpose general obligation refunding bonds with an average interest rate of 5.00 percent to refund \$936.0 million of various purpose general obligation bonds with an average interest rate of 4.48 percent. The refunding resulted in \$127.2 million gross debt service savings over the next 15 years and an economic gain of \$105.6 million.

Also on May 10, 2023, the state issued \$514.4 million in motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 5.00 percent to refund \$586.9 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 4.23 percent. The

refunding resulted in \$75.8 million gross debt service savings over the next 20 years and an economic gain of \$55.1 million.

Certificates of Participation

On June 7, 2023, the state issued \$1.1 million in refunding certificates of participation with an average interest rate of 5.00 percent to refund \$1.3 million of certificates of participation with an average interest rate of 4.41 percent. The refunding resulted in a \$92 thousand gross debt service savings over the next 10 years and a net present value savings of \$83 thousand.

Current Year In-Substance Defeasances

Bonds

Governmental Activities

For the fiscal year ended June 30, 2023, the state deposited \$3.2 million of existing resources into an irrevocable escrow account for the defeasance of debt service coming due in future fiscal years.

Business-Type Activities

For the fiscal year ended June 30, 2023, the state deposited \$10.3 million of existing resources into an irrevocable escrow account for the defeasance of debt service coming due in future fiscal years.

Prior Year Defeasances

In prior years, the state defeased certain general obligation bonds, revenue bonds, and certificates of participation by placing the proceeds of new bonds and certificates of participation in an irrevocable trust to provide for all future debt service payments on the prior bonds and certificates of participation.

Accordingly, the trust account assets and the liability for the defeased bonds and certificates of participation are not included in the state's financial statements.

General Obligation Bond Debt

On June 30, 2023, \$1.52 billion of general obligation bond debt outstanding is considered defeased.

Revenue Bond Debt

On June 30, 2023, \$112.7 million of revenue bond debt outstanding is considered defeased.

Certificates of Participation Debt

On June 30, 2023, \$1.4 million of certificates of participation debt outstanding is considered defeased.

D. CLAIMS AND JUDGMENTS

Claims and judgments are materially related to three activities: workers' compensation, risk management, and health insurance. Workers' compensation and health insurance are business-type activities, and risk management is a governmental activity. A description of

the risks to which the state is exposed by these activities and the ways in which the state handles the risks are presented in Note 1.E.

Workers' Compensation

At June 30, 2023, \$53.80 billion of unpaid claims and claim adjustment expenses are presented at their net present and settlement value of \$39.67 billion. These claims are discounted at assumed interest rates of 1.5 percent for non-pension and cost of living adjustments, 5.6 percent for all self-insured pension annuities, and 4.0 percent for state fund pension annuities to arrive at a settlement value.

The claims and claim adjustment liabilities of \$39.67 billion as of June 30, 2023, include \$23.46 billion for supplemental pension cost of living adjustments (COLAs) that by statute are not to be fully funded. These COLA payments are funded on a pay-as-you-go basis.

The remaining claims liabilities of \$16.21 billion are fully funded by long-term investments, net of obligations under securities lending agreements.

Changes in the balances of workers' compensation claims liabilities during fiscal years 2022 and 2023 were as follows (expressed in thousands):

Workers' Compensation Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Balances End of Fiscal Year
2022	\$ 34,582,309	6,763,887	(2,643,440)	\$ 38,702,756
2023	\$ 38,702,756	3,768,468	(2,799,764)	\$ 39,671,460

Risk Management

The Risk Management Fund administers tort and sundry claims filed against Washington state agencies, except the University of Washington. The fund reports a tort liability when it becomes probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an actuarially determined amount for tort claims that have been incurred but not reported. It also includes an actuarial estimate of loss adjustment expenses for tort defense.

Because actual liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, it should be recognized that future loss emergence will likely deviate, perhaps materially, from the actuarial estimates. Liabilities are re-evaluated annually to

take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The state is a defendant in a significant number of lawsuits pertaining to general and automobile liability matters.

As of June 30, 2023, outstanding and actuarially determined claims against the state and its agencies, with the exception of the University of Washington, including actuarially projected defense costs were \$1.52 billion for which the state has recorded a liability. The state is restricted by law from accumulating funds in the Self Insurance Liability Program in excess of 50 percent of total outstanding and actuarially determined liabilities.

State of Washington

Changes in the balances of risk management claims liabilities during fiscal years 2022 and 2023 were as follows (expressed in thousands):

Risk Management Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Tort Defense Payments	Balances End of Fiscal Year
2022	\$ 1,194,462	867,469	(481,502)	(24,331)	\$ 1,556,098
2023	\$ 1,556,098	178,467	(183,706)	(32,697)	\$ 1,518,162

Health Insurance

The Health Insurance Fund establishes a liability when it becomes probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an actuarially determined amount for claims that have been incurred but not reported. Because actual claims liabilities depend on various complex factors, the process used in computing claims liabilities does not always result in an exact amount.

Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

At June 30, 2023, health insurance claims liabilities totaling \$179.0 million are fully funded with cash and investments, net of obligations under securities lending agreements.

Changes in the balances of health insurance claims liabilities during fiscal years 2022 and 2023 were as follows (expressed in thousands):

Health Insurance Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Balances End of Fiscal Year
2022	\$ 174,541	2,438,098	(2,371,405)	\$ 241,234
2023	\$ 241,234	2,590,412	(2,652,661)	\$ 178,985

E. POLLUTION REMEDIATION

The state reports pollution remediation obligations in accordance with GASB Statement No. 49. The liability reported involves estimates of financial responsibility and amounts recoverable as well as remediation costs.

The liability could change over time as new information becomes available and as a result of changes in remediation costs, technology, and regulations governing remediation efforts. Additionally, the responsibilities and liabilities discussed in this disclosure are intended to refer to obligations solely in the accounting context. This disclosure does not constitute an admission of any legal responsibility or liability. Further, it does not establish or affect the rights or obligations of any person under the law, nor does this disclosure impose upon the state any new mandatory duties or obligations.

The state and its agencies are participating as potentially responsible parties in numerous pollution remediation projects under the provisions of the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA, generally referred to as Superfund) and the state Model Toxics Control Act.

There are 38 projects in progress for which the state has recorded a liability of \$159.4 million.

The state has also voluntarily agreed to conduct certain remediation activities to the extent of funding paid to the state by third parties for such purposes. At June 30, 2023, the state has recorded a liability of \$139.6 million for remaining project commitments.

Overall, the state has recorded a pollution remediation liability of \$298.9 million, measured at its estimated amount, using the expected cash flow technique. The overall estimate is based on professional judgment, experience, and historical cost data. For some projects, the state can reasonably estimate the range of expected outlays early in the process because the site situation is common or similar to other sites with which the state has experience. In other cases, the estimates are limited to an amount specified in a settlement agreement, consent decree, or contract for remediation services.

The pollution remediation activity at some sites for which the state would otherwise have a reportable obligation is at a point where certain costs are not reasonably estimable. For example, a site assessment, remedial investigation, or feasibility study is in progress and the

cleanup methodology has not yet been determined; consequently, associated future costs cannot be estimated.

The state's reported liability does not include remediation costs for future activities where costs are not yet reasonably estimable.

F. ASSET RETIREMENT OBLIGATIONS

The state reports asset retirement obligations in accordance with GASB Statement No. 83. The liability reported is based on the best estimate, using all available evidence, of the current value of outlays expected to be incurred.

The state and its agencies have identified several legally enforceable liabilities associated with the retirement of tangible capital assets due to requirements included in state laws and contracts. The types of assets include nuclear radiation plants, communication towers, and medical equipment such as cyclotrons, magnetic resonance imaging machines, and tandem accelerators. The estimated remaining useful lives of the tangible capital assets range from 1-15 years.

The state has recorded an asset retirement obligation of \$31.2 million, measured at its current value. The overall estimate is based on professional judgment, experience, and historical cost data.

The liability could change over time as new information becomes available as a result of changes in technology,

legal or regulatory requirements, and types of equipment, facilities, or services that will be used to meet the obligation to retire the tangible capital assets. Additionally, the responsibilities and liabilities discussed in this disclosure are referenced solely in the accounting context for purposes of this disclosure.

This disclosure does not constitute an admission of any legal responsibility or liability. Further, it does not establish or affect the rights or obligations of any person under the law, nor does this disclosure impose upon the state any new mandatory duties or obligations.

Some tangible capital assets have been identified as having a legally enforceable liability associated with the retirement of a tangible capital asset, but the liability is not yet reasonably estimable. Some examples include dams, sewer lagoons, waste ponds, and state owned communication towers. Estimates are not currently available as the state has no past experience decommissioning these types of assets, or the assets are maintained indefinitely so an estimated remaining useful life is unknown. Once the liability is reasonably estimable, the state will record a liability for the obligation.

G. LONG-TERM LIABILITY ACTIVITY

Long-term liability activity at June 30, 2023, is reported by the state of Washington within governmental activities and business-type activities, as applicable.

State of Washington

Long-term liability activity for governmental activities for fiscal year 2023 is as follows (expressed in thousands):

Governmental Activities:	Beginning Balance July 1, 2022*	Additions	Reductions	Ending Balance June 30, 2023	Amounts Due Within One Year
Long-Term Debt:					
GO Bonds Payable:					
General obligation (GO) bonds	\$ 20,519,125	\$ 2,870,180	\$ 2,615,515	\$ 20,773,790	\$ 1,118,730
GO - zero coupon bonds (principal)	191,300	—	27,072	164,228	27,229
Subtotal - GO bonds payable	20,710,425	2,870,180	2,642,587	20,938,018	1,145,959
Accreted interest - GO - zero coupon bonds	312,355	—	20,095	292,260	50,006
Revenue bonds payable	1,749,031	5,841	177,244	1,577,628	164,140
Plus: Unamortized premiums on bonds sold	2,970,379	421,796	240,605	3,151,570	—
Less: Deferred issuance discounts	(58)	—	—	(58)	—
Total Bonds Payable	25,742,132	3,297,817	3,080,531	25,959,418	1,360,105
Other Liabilities:					
Certificates of participation	629,793	46,067	96,655	579,205	140,053
Plus: Unamortized premiums on COPs sold	19,026	2,982	4,183	17,825	—
Claims and judgments payable	1,976,599	252,597	168,702	2,060,494	562,288
Installment contracts	906	—	138	768	137
Right-to-use lease liabilities	1,419,211	151,619	177,188	1,393,642	182,566
Subscription liabilities	130,317	217,094	74,069	273,342	93,867
Notes payable	1,801	339	935	1,205	961
Compensated absences	862,205	610,605	566,107	906,703	152,224
Net pension liability	834,391	1,824,898	1,336,437	1,322,852	—
Total OPEB liability	5,556,460	1,432,588	3,376,542	3,612,506	91,174
Pollution remediation obligations	230,095	79,343	10,492	298,946	—
Unclaimed property refunds	123,520	27,533	1,735	149,318	3,567
Asset retirement obligations	30,522	649	—	31,171	—
Other	408,091	150,427	108,742	449,776	52,812
Total Other Liabilities	12,222,937	4,796,741	5,921,925	11,097,753	1,279,649
Total Long-Term Debt	\$ 37,965,069	\$ 8,094,558	\$ 9,002,456	\$ 37,057,171	\$ 2,639,754

*The beginning balances reflect prior period adjustments due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and leases that should have been previously recorded under GASB Statement No. 87, *Leases*, which resulted in an increase in right-to-use lease liabilities of \$5.6 million and an increase in subscription liabilities of \$130.3 million.

For governmental activities, certificates of participation are being repaid approximately 43.09 percent from the Higher Education Special Revenue Fund, 30.01 percent from the General Fund, and the balance from various other governmental funds. The claims and judgments liability will be liquidated approximately 73.68 percent by the Risk Management Fund, 11.17 percent by the Higher Education Revolving Fund (both are nonmajor internal service funds), and the balance by various other governmental funds. The right-to-use lease liability will be liquidated approximately 66.64 percent by the General Fund, 14.18 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The subscription liabilities will be liquidated approximately 41.90 percent by the General Fund, 32.38 percent by the Human Services Special Revenue Fund (a nonmajor governmental fund), and the balance by various other governmental funds. The compensated absences liability will be liquidated approximately 45.24 percent by the General Fund, 33.03

percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The net pension liability will be liquidated approximately 49.41 percent by the General Fund, 33.06 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The other post employment benefits liability will be liquidated approximately 49.43 percent by the General Fund, 30.12 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The pollution remediation liability will be liquidated approximately 72.73 percent by the Wildlife and Natural Resources Fund (a nonmajor governmental fund), and the balance by various other governmental funds. The unclaimed property refunds will be liquidated against the future unclaimed property deposited to the General Fund. Installment contract obligations, notes payable, asset retirement obligations, and other liabilities will be repaid from various other governmental funds.

State of Washington

Long-term liability activity for business-type activities for fiscal year 2023 is as follows (expressed in thousands):

Business-Type Activities	Beginning Balance July 1, 2022*	Additions	Reductions	Ending Balance June 30, 2023	Amounts Due Within One Year
Long-Term Debt:					
Revenue bonds payable	\$ 2,288,134	\$ —	\$ 62,149	\$ 2,225,985	\$ 170,966
Plus: Unamortized premiums on bonds sold	172,422	2,323	19,355	155,390	—
Total Bonds Payable	2,460,556	2,323	81,504	2,381,375	170,966
Other Liabilities:					
Certificates of participation	158,413	76	7,086	151,403	6,123
Plus: Unamortized premiums on COPs sold	24,972	—	1,414	23,558	—
Claims and judgments payable	39,125,110	2,915,703	1,796,939	40,243,874	2,859,565
Installment contracts	2,168	—	710	1,458	723
Lottery prize annuities payable	110,713	8,077	18,184	100,606	12,335
Tuition benefits payable	1,150,999	72,395	81,394	1,142,000	103,000
Right-to-use lease liabilities	256,894	100,993	67,373	290,514	38,936
Subscription liabilities	22,794	19,948	6,473	36,269	13,744
Notes payable	985	—	985	—	—
Compensated absences	126,299	57,649	50,486	133,462	93,653
Net pension liability	121,778	237,616	163,854	195,540	—
Total OPEB liability	910,880	299,230	577,211	632,899	15,973
Other	231,059	17,398	89,840	158,617	1,302
Total Other Liabilities	42,243,064	3,729,085	2,861,949	43,110,200	3,145,354
Total Long-Term Debt	\$ 44,703,620	\$ 3,731,408	\$ 2,943,453	\$ 45,491,575	\$ 3,316,320

*The beginning balances reflect prior period adjustments due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and leases that should have been previously recorded under GASB Statement No. 87, *Leases*, which resulted in an increase in right-to-use lease liabilities of \$3.4 million and an increase in subscription liabilities of \$22.8 million.

Note 8 No Commitment Debt

The Washington State Housing Finance Commission, Washington Higher Education Facilities Authority, Washington Health Care Facilities Authority, and Washington Economic Development Finance Authority (financing authorities) were created by the Legislature.

For financial reporting purposes, they are discretely presented as component units. These financing authorities issue bonds and other debt for the purpose of

making loans to qualified borrowers for capital acquisitions, construction, and related improvements.

The debt does not constitute either a legal or moral obligation of the state for these financing authorities, nor does the state or these financing authorities pledge their full faith and credit for the payment of such debt.

Debt service is payable solely from payments made by the borrowers pursuant to loan agreements. Due to their no commitment nature, the debt issued by these financing authorities is excluded from the state's financial statements.

The schedule below presents the June 30, 2023, balances for the “No Commitment” debt of the state’s financing authorities (expressed in thousands):

Financing Authorities	Principal Balance
Washington State Housing Finance Commission	\$ 7,132,884
Washington Health Care Facilities Authority	5,118,964
Washington Higher Education Facilities Authority	708,385
Washington Economic Development Finance Authority	1,018,460
Total No Commitment Debt	\$ 13,978,693

Note 9 Conduit Debt

Local Option Capital Asset Lending Program

On September 1, 1998, the state lease-purchase program was extended to local governments seeking low cost financing of essential equipment and, in the year 2000, for real estate. The Local Option Capital Assets Lending (LOCAL) program allows local governments to pool their financing requests together with Washington state agencies in Certificates of Participation (COPs). Refer to Note 7.B for the state’s COP disclosure.

These COPs do not constitute a debt or pledge of the full faith and credit of the state; rather, local governments pledge their full faith and credit in a general obligation pledge.

In the event that any local government fails to make a payment, the state is obligated to withhold an amount sufficient to make such payment from the local government’s share, if any, of state revenues or other amounts authorized or required by law to be distributed by the state to such local government, if otherwise legally permissible.

Upon failure of any local government to make a payment, the state is further obligated, to the extent of legally available appropriated funds, to make such payment on behalf of such local government. The local government remains obligated to make all COP payments and reimburse the state for any conditional payments.

As of June 30, 2023, outstanding COP notes totaled \$136.2 million for 137 local governments participating in the LOCAL program. The state estimates that the LOCAL program liability, if any, would be immaterial to its overall financial condition.

Note 10 Leases and Subscription-Based Information Technology Arrangements

A. LESSEE AND SBITA ACTIVITY

The state leases land, facilities, office equipment, and other assets under a variety of long-term, non-cancelable lease agreements. The state also has noncancelable subscription-based information technology arrangements (SBITAs) for the right to use information technology hardware and software.

Lease and subscription assets at June 30, 2023, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

State of Washington

Lease and Subscription Assets

The following is a summary of governmental right-to-use lease and subscription asset activity for the year ended June 30, 2023 (expressed in thousands):

Governmental Activities	Balances July 1, 2022*	Additions	Deletions/ Adjustments	Balances June 30, 2023
Land lease assets	\$ 435,544	\$ 4	\$ (9,666)	\$ 425,882
Accumulated amortization	(32,665)	(9,880)	—	(42,545)
Net land lease assets	<u>402,879</u>			<u>383,337</u>
Building lease assets	1,441,711	169,346	(114,999)	1,496,058
Accumulated amortization	(520,639)	(182,290)	97,187	(605,742)
Net building lease assets	<u>921,072</u>			<u>890,316</u>
Equipment and other lease assets	44,411	522	(811)	44,122
Accumulated amortization	(18,678)	(8,270)	279	(26,669)
Net equipment and other lease assets	<u>25,733</u>			<u>17,453</u>
Subscription assets	162,609	232,185	(234)	394,560
Accumulated amortization	(9,833)	(83,232)	234	(92,831)
Net subscription assets	<u>152,776</u>			<u>301,729</u>
Governmental Activities Lease and Subscription Assets, Net	<u>\$ 1,502,460</u>			<u>\$ 1,592,835</u>

*The beginning balances reflect prior period adjustments due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and leases that should have been previously recorded under GASB Statement No. 87, *Leases*, which resulted in an increase in capital assets of \$156.6 million and a decrease in accumulated amortization/depreciation of \$1.7 million.

The following is a summary of business-type right-to-use lease and subscription asset activity for the year ended June 30, 2023 (expressed in thousands):

Business-Type Activities	Balances July 1, 2022*	Additions	Deletions/ Adjustments	Balances June 30, 2023
Building lease assets	\$ 299,069	\$ 30,880	\$ (23,514)	\$ 306,435
Accumulated amortization	(88,664)	(32,360)	22,155	(98,869)
Net building lease assets	<u>210,405</u>			<u>207,566</u>
Equipment and other lease assets	67,490	47,390	—	114,880
Accumulated amortization	(32,885)	(17,409)	—	(50,294)
Net equipment and other lease assets	<u>34,605</u>			<u>64,586</u>
Subscription assets	31,654	29,653	—	61,307
Accumulated amortization	(7,487)	(15,589)	(124)	(23,200)
Net subscription assets	<u>24,167</u>			<u>38,107</u>
Business-Type Activities Lease and Subscription Assets, Net	<u>\$ 269,177</u>			<u>\$ 310,259</u>

*The beginning balances reflect prior period adjustments due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and leases that should have been previously recorded under GASB Statement No. 87, *Leases*, which resulted in an increase in capital assets of \$34.2 million and an increase in accumulated amortization/depreciation of \$6.9 million.

State of Washington

Lease and Subscription Liabilities

The following schedule presents future annual lease payments for governmental and business-type activities as of June 30, 2023 (expressed in thousands):

Right-to-Use Lease Agreements	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2024	\$ 182,566	\$ 28,258	\$ 38,936	\$ 5,715	\$ 221,502	\$ 33,973
2025	151,201	27,580	51,229	4,779	202,430	32,359
2026	113,066	26,730	35,789	4,094	148,855	30,824
2027	88,034	24,937	33,127	3,534	121,161	28,471
2028	66,948	23,705	31,362	2,998	98,310	26,703
2029-2033	180,589	114,073	51,190	10,241	231,779	124,314
2034-2038	89,109	111,789	35,301	4,748	124,410	116,537
2039-2043	78,331	108,810	13,580	1,028	91,911	109,838
2044-2048	55,786	84,915	—	—	55,786	84,915
2049-2053	85,891	65,673	—	—	85,891	65,673
2054-2058	129,485	45,757	—	—	129,485	45,757
Thereafter	172,636	17,250	—	—	172,636	17,250
Total	\$ 1,393,642	\$ 679,477	\$ 290,514	\$ 37,137	\$ 1,684,156	\$ 716,614

The following schedule presents future annual SBITA payments for governmental and business-type activities as of June 30, 2023 (expressed in thousands):

Subscription-Based IT Arrangements (SBITAs)	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2024	\$ 93,867	\$ 8,586	\$ 13,744	\$ 622	\$ 107,611	\$ 9,208
2025	67,525	1,609	10,672	498	78,197	2,107
2026	50,963	918	7,270	297	58,233	1,215
2027	42,136	462	1,628	147	43,764	609
2028	16,010	142	1,325	104	17,335	246
2029-2033	2,841	59	1,630	169	4,471	228
Total	\$ 273,342	\$ 11,776	\$ 36,269	\$ 1,837	\$ 309,611	\$ 13,613

Variable payments, other than those payments that depend on an index or rate or are fixed in substance, and other payments that are not known or certain to be exercised are excluded from the measurement of the lease and subscription liabilities. During the fiscal year ending June 30, 2023, the state of Washington, recognized \$99.3 million for variable and other lease payments not included in the measurement of the lease liability and \$35.8 million for variable and other SBITA payments not included in the measurement of the subscription liability.

As of June 30, 2023, the state of Washington has four leases for facilities that have not yet commenced with lease payments due on an undiscounted basis of \$153.7

million. These leases will commence in fiscal years 2024 and 2026, with lease terms ranging between 5 and 40 years.

As of June 30, 2023, the state of Washington has eight SBITAs that have not yet commenced with payments due on an undiscounted basis of \$106.6 million. These SBITAs will commence in fiscal years 2024 and 2025, with subscription terms ranging between three and seven years.

B. LESSOR ACTIVITY

The state leases state-owned land, buildings, and communication towers to preserve land and generate

revenue for public services. In addition, the state subleases office building space. The state of Washington records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the state's incremental borrowing rate.

During the fiscal year ending June 30, 2023, the amount recognized as lease revenue and lease interest was \$51.5 million and \$13.9 million, respectively.

Variable lease receipts, other than those that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease receivable. During the fiscal year ended June 30, 2023, the state of Washington, recognized revenue of \$35.8 million for variable lease and other payments not included in the measurement of the lease receivable.

Note 11

Public-Private and Public-Public Partnerships

On January 9, 2017, the State Parks and Recreation Commission entered into an agreement with Daniels Real Estate, to design and construct improvements to the existing facility and operate and maintain the St. Edward's lodge for 62 years, setting and retaining lodge fees. In addition, Daniels Real Estate transferred land to the state in 2017, increasing the size of the lodge grounds. The construction was completed in 2018. The state has recognized capital assets for the land and building improvements and a deferred inflow of resources equal to the initial value of the capital assets. As of June 30, 2023, the land is valued at its historical cost of \$1.5 million, the carrying value of the building improvements is \$47.2 million, and the related deferred inflow of resources is \$48.9 million.

On November 14, 2016, the Washington State Department of Transportation (WSDOT) entered into an agreement with King County to design, construct, operate, and maintain a passenger-only ferry terminal for 75 years at the Seattle Multimodal Terminal on the state's tidelands. The terminal's construction was completed in 2019. King County will set and retain fares and advertising revenue. The state has recognized a receivable for future payments from King County for the tidelands lease discounted by an interest rate of 1.51 percent and a related deferred inflow of resources. As of June 30, 2023, the receivable is \$349 thousand and

the deferred inflow of resources is \$347 thousand. The ownership of the building will transfer to WSDOT at the end of the agreement, at which time the building is not expected to have any remaining value.

On July 1, 2021, Washington State University (WSU) entered into a 1,055-month agreement with CP Sagamore University Crossing, LLC to construct and manage student-oriented apartment complexes on the Pullman campus, known as University Crossing. The operator will set and retain fees. Construction was completed in 2023. As of June 30, 2023, the value of the receivable is \$2.7 million for the future annual fixed payments the operator is required to make, discounted by an interest rate of 3.50 percent. The value of the related deferred inflow of resources as of June 30, 2023, is \$2.4 million. The ownership of the building will transfer to WSU at the end of the agreement, at which time the building is not expected to have any remaining value.

On June 1, 2023, WSU entered into a 713-month agreement with Vineyard Apartments, LLC to build and manage student housing complexes on the Tri-Cities campus. The operator will set and retain fees. Construction was completed in 2018. As of June 30, 2023, the value of the receivable is \$1.8 million for the future monthly fixed payments made by the operator, discounted by an interest rate of 4.44 percent. The value of the deferred inflow of resources as of June 30, 2023, is \$1.8 million. The ownership of the building will transfer to WSU at the end of the agreement, at which time the building is not expected to have any remaining value.

Note 12

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources reported on the Statement of Net Position for governmental and business-type activities as of June 30, 2023, consisted of the following (expressed in thousands):

	Primary Government			Discrete Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Outflows of Resources:				
Refundings of debt	\$ 2,704	\$ 25,031	\$ 27,735	\$ 11,805
Pensions	3,064,201	415,430	3,479,631	7,835
Other postemployment benefits	586,644	231,995	818,639	920
Asset retirement obligations	11,772	—	11,772	—
Hedging derivatives	232	—	232	—
Total Deferred Outflows of Resources	\$ 3,665,553	\$ 672,456	\$ 4,338,009	\$ 20,560
Deferred Inflows of Resources:				
Refundings of debt	\$ 183	\$ 128	\$ 311	\$ —
Pensions	3,085,070	351,709	3,436,779	6,595
Other postemployment benefits	3,002,635	499,516	3,502,151	3,402
Irrevocable split interest agreements	18,465	—	18,465	—
Right-to-use lease agreements	360,324	90,022	450,346	24,143
Public-private and public-public partnerships	49,242	—	49,242	—
Hedging derivatives	52	—	52	9,613
Other purposes	—	—	—	24,849
Total Deferred Inflows of Resources	\$ 6,515,971	\$ 941,375	\$ 7,457,346	\$ 68,602

Of the \$3.06 billion of deferred outflows of resources related to pensions reported in governmental activities, \$113.6 million is reported in the internal service funds.

Of the remaining \$601.4 million of deferred outflows of resources reported in governmental activities, \$35.9 million is reported in the internal service funds. This amount is comprised of \$33.6 million related to other postemployment benefits and \$2.3 million related to debt refunding.

Of the \$3.09 billion of deferred inflows of resources related to pensions reported in governmental activities, \$106.7 million is reported in the internal service funds.

Of the remaining \$3.43 billion of deferred inflows of resources reported in governmental activities, \$125.5 million is reported in the internal service funds. This amount is comprised of \$125.4 million related to other postemployment benefits and \$67 thousand related to debt refunding.

For both the governmental activities and business-type activities, pension and other postemployment benefits make up a significant portion of the deferred inflows of resources and the deferred outflows of resources. For more details on pension and other postemployment benefits, including deferred inflows of resources and deferred outflows of resources, refer to Note 15 and Note 16, respectively.

Under the modified accrual basis of accounting, governmental funds reported \$3.96 billion in unavailable revenue as deferred inflows of resources, consisting primarily of taxes received more than 30 days after the close of the current fiscal year. For more details about the unavailable revenue, refer to Note 4.

Note 13

Governmental Fund Balances

A. GOVERNMENTAL FUNDS

The state's governmental fund balances are reported according to the relative constraints that control how amounts can be spent. Classifications include nonspendable, restricted, committed, and assigned, which are further described in Note 1.D.10.

A summary of governmental fund balances at June 30, 2023, is as follows (expressed in thousands):

Fund Balances	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
Nonspendable:					
Permanent funds	\$ —	\$ —	\$ 3,234,347	\$ 221,845	\$ 3,456,192
Consumable inventories and prepaids	18,929	51,634	—	67,086	137,649
Other receivables – long-term	41,539	—	—	—	41,539
Total Nonspendable Fund Balance	\$ 60,468	\$ 51,634	\$ 3,234,347	\$ 288,931	\$ 3,635,380
Restricted for: *					
Higher education	\$ —	\$ 40,076	\$ 2,065,726	\$ —	\$ 2,105,802
Education	—	—	18,495	59,997	78,492
Transportation	—	—	—	2,068,085	2,068,085
Other purposes	30	—	—	3,707	3,737
Human services	—	—	—	767,967	767,967
Wildlife and natural resources	4,872	—	1	1,358,318	1,363,191
Local grants and loans	34,847	—	—	41	34,888
School construction	38	—	—	370,607	370,645
Budget stabilization	652,375	—	—	—	652,375
Debt service	—	—	—	46,016	46,016
Pollution remediation	—	—	—	52,649	52,649
Operations and maintenance	—	—	—	11,856	11,856
Repair and replacement	—	—	—	40,561	40,561
Revenue stabilization	—	—	—	28,353	28,353
Deferred sales tax	—	—	—	9,000	9,000
Third tier debt service	—	—	—	3,182	3,182
Fourth tier debt service	—	—	—	1,968	1,968
Total Restricted Fund Balance	\$ 692,162	\$ 40,076	\$ 2,084,222	\$ 4,822,307	\$ 7,638,767
Committed for:					
Higher education	\$ 310,446	\$ 5,670,645	\$ —	\$ 23,562	\$ 6,004,653
Education	885	—	—	10,065	10,950
Transportation	—	—	—	1,122,765	1,122,765
Other purposes	175,612	—	—	673,604	849,216
Human services	2,592,597	—	—	1,531,479	4,124,076
Wildlife and natural resources	49,346	—	—	1,766,462	1,815,808
Local grants and loans	236,341	—	—	800,854	1,037,195
State facilities	—	—	—	38,228	38,228
Debt service	—	—	—	343,797	343,797
Total Committed Fund Balance	\$ 3,365,227	\$ 5,670,645	\$ —	\$ 6,310,816	\$ 15,346,688
Assigned for:					
Working capital	\$ 1,862,952	\$ 109,939	\$ —	\$ —	\$ 1,972,891
Total Assigned Fund Balance	\$ 1,862,952	\$ 109,939	\$ —	\$ —	\$ 1,972,891

*Net position restricted as a result of enabling legislation totaled \$7.2 million.

B. BUDGET STABILIZATION ACCOUNT

In accordance with Article 7, Section 12 of the Washington state Constitution, the state maintains the Budget Stabilization Account (“Rainy Day Fund”). The Budget Stabilization Account is reported in the General Fund.

By June 30 of each fiscal year, an amount equal to 1 percent of the general state revenues for that fiscal year is transferred to the Budget Stabilization Account.

The Budget Stabilization Account balance can only be used as follows: (a) if the Governor declares a state of emergency resulting from a catastrophic event that necessitates government action to protect life or public safety, then for that fiscal year money may be withdrawn and appropriated from the Budget Stabilization Account, via separate legislation setting forth the nature of the emergency and containing an appropriation limited to the above-authorized purposes as contained in the declaration, by a favorable vote of a majority of the members elected to each house of the Legislature; (b) if the employment growth forecast for

any fiscal year is estimated to be less than 1 percent, then for that fiscal year money may be withdrawn and appropriated from the Budget Stabilization Account by the favorable vote of a majority of the members elected to each house of the Legislature; (c) any amount may be withdrawn and appropriated from the Budget Stabilization Account at any time by the favorable vote of at least three-fifths of the members of each house of the Legislature.

When the balance in the Budget Stabilization Account, including investment earnings, equals more than 10 percent of the estimated general state revenues in that fiscal year, the Legislature by the favorable vote of a majority of the members elected to each house of the Legislature may withdraw and appropriate the balance to the extent that the balance exceeds 10 percent of the estimated general state revenues. These appropriations may be made solely for deposit to the Education Construction Fund.

At June 30, 2023, the Budget Stabilization Account had restricted fund balance of \$652.4 million.

Note 14

Deficit Net Position

Risk Management Fund

The Risk Management Fund, an internal service fund, had a deficit net position of \$1.56 billion at June 30, 2023. The Risk Management Fund is used to administer the Self-Insurance Liability Program (SILP). The SILP was initiated in 1990 and is intended to provide funds for the payment of all tort claims and defense expenses. The program investigates, processes, and adjudicates tort and sundry claims filed against Washington state agencies, with the exception of the University of Washington and the Department of Transportation Ferries Division.

The Risk Management Fund is supported by premium assessments to state agencies. The state is restricted by law from accumulating funds in the SILP in excess of 50 percent of total outstanding and actuarially determined claims. As a consequence, when outstanding and incurred but not reported claims are actuarially determined and accrued, the result is a deficit net position.

The following schedule details the change in net position for the Risk Management Fund during the fiscal year ended June 30, 2023 (expressed in thousands):

Risk Management Fund	Net Position
Net Position - Beginning	\$ (1,787,082)
Change in Net Position	222,284
Net Position - Ending	<u>\$ (1,564,798)</u>

Lottery Fund

The Lottery Fund, an enterprise fund, had a deficit net position of \$26.8 million at June 30, 2023. The Lottery Fund is primarily used to record lottery ticket revenues and to account for activities such as administrative and operating expenses of the Lottery Commission and the distribution of revenues.

The Lottery Fund is supported by operating revenue which is comprised of sales from Draw and Scratch games, as well as administration fees charged to retailers. Operating expenses include cost of sales and administrative expenses.

The Lottery Fund is statutorily required to distribute the majority of its net income to fund education.

The implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* required the assignment of the state's proportionate share of these liabilities to each fund. Recording these unfunded liabilities resulted in deficit net position.

The following schedule details the change in net position for the Lottery Fund during the fiscal year ended June 30, 2023 (expressed in thousands):

Lottery Fund	Net Position
Net Position - Beginning	\$ (22,232)
Change in Net Position	(4,578)
Net Position - Ending	\$ (26,810)

Note 15 Retirement Plans

A. GENERAL

Washington's pension plans were created by statutes rather than through trust documents. They are administered in a way equivalent to pension trust arrangements as defined by the Governmental Accounting Standards Board (GASB).

In accordance with GASB Statement No. 68, the state has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities.

The state Legislature establishes and amends laws pertaining to the creation and administration of all state public retirement systems. Additionally, the state Legislature authorizes state agency participation in plans other than those administered by the state.

Basis of Accounting. Pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan. For purposes of measuring the net pension

liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of all plans, and additions to/deductions from all plan fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans.

The following table represents the aggregate pension amounts for all plans for the state as an employer, for fiscal year 2023 (expressed in thousands):

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 1,518,392
Pension assets	\$ (5,581,494)
Deferred outflows of resources on pensions	\$ 3,479,633
Deferred inflows of resources on pensions	\$ 3,436,780
Pension expense/expenditures	\$ (142,997)

Investments. The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made

within the framework of a Strategic Asset Allocation Policy and a series of written WSIB-adopted investment policies for the various asset classes.

Further information about the investment of pension funds by the WSIB, their valuation, classifications, concentrations, and maturities can be found in Note 3.B.

Department of Retirement Systems. As established in chapter 41.50 of the Revised Code of Washington (RCW), the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments. The Governor appoints the director of the DRS.

The DRS administered systems are comprised of 12 defined benefit pension plans and 3 defined benefit/defined contribution plans as follows:

- Public Employees' Retirement System (PERS)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
 - Plan 3 - defined benefit/defined contribution
- Teachers' Retirement System (TRS)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
 - Plan 3 - defined benefit/defined contribution
- School Employees' Retirement System (SERS)
 - Plan 2 - defined benefit
 - Plan 3 - defined benefit/defined contribution
- Law Enforcement Officers' and Firefighters' Retirement System (LEOFF)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
- Public Safety Employees' Retirement System (PSERS)
 - Plan 2 - defined benefit
- Washington State Patrol Retirement System (WSPRS)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
- Judicial Retirement System (JRS)
 - Defined benefit plan
- Judges' Retirement Fund (JRF)
 - Defined benefit plan

Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS, TRS, SERS, LEOFF, PSERS, and WSPRS systems and plans is funded by an

employer rate of 0.18 percent of employee salaries. Administration of the JRS and JRF plans is funded by means of legislative appropriations.

Pursuant to RCW 41.50.770, the state offers its employees and employees of political subdivisions that elect to participate a deferred compensation program in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable financial emergency. This deferred compensation plan is administered by the DRS.

The DRS prepares a stand-alone financial report that is compliant with the requirements of GASB Statement No. 67. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, WA 98504-8380 or online at: [DRS Annual Financial Reports](#).

State Board for Volunteer Firefighters' and Reserve Officers. As established in chapter 41.24 RCW, the State Board for Volunteer Firefighters' and Reserve Officers administers the Volunteer Firefighters' and Reserve Officers' Relief and Pension Fund (VFFRPF), a defined benefit plan. Administration of the VFFRPF is funded through legislative appropriation.

Administrative Office of the Courts. As established in chapter 2.14 RCW, the Administrative Office of the Courts administers the Judicial Retirement Account (JRA), a defined contribution plan. Administration of JRA is funded through member fees.

Higher Education. As established in chapter 28B.10 RCW, eligible higher education state employees may participate in higher education retirement plans. These plans include a defined contribution plan administered by a third party with a supplemental defined benefit component (funded on a pay-as-you-go basis) which is administered by the state.

The state has elected to use the current fiscal year end as the measurement date for reporting net pension liabilities for the Higher Education Supplemental Retirement Plan.

B. STATE PARTICIPATION IN PLANS ADMINISTERED BY DRS

1. DRS Plans - Employer Disclosures

The state is not an employer in SERS Plan 2/3 nor LEOFF Plan 1.

Plan Descriptions

Public Employees' Retirement System. The Legislature established the Public Employees' Retirement System (PERS) in 1947. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the Legislature. Membership in the system includes: elected officials; state employees; employees of the Supreme Court, Court of Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college, and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

PERS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to PERS Plan 3.

PERS participants joining the system on or after March 1, 2002, for state and higher education employees, or September 1, 2002, for local government employees, have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 2.

Refer to Note 15.E for a description of the defined contribution component of PERS Plan 3.

Teachers' Retirement System. The Legislature established the Teachers' Retirement System (TRS) in 1938. TRS retirement benefit provisions are established in chapters 41.32 and 41.34 RCW and may be amended

only by the Legislature. Eligibility for membership requires service as a certificated public school employee working in an instructional, administrative, or supervisory capacity. TRS is comprised principally of non-state agency employees.

TRS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

TRS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by June 30, 1996, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS members joining the system on or after July 1, 1996, are members of TRS Plan 3.

Legislation passed in 2007 gives TRS members, hired on or after July 1, 2007, 90 days to make an irrevocable choice to become a member of TRS Plan 2 or Plan 3. At the end of 90 days, any member who has not made a choice becomes a member of Plan 2.

Refer to Note 15.E for a description of the defined contribution component of TRS Plan 3.

Law Enforcement Officers' and Firefighters'. The Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) was established in 1970 by the Legislature. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees with the exception of Department of Fish and Wildlife enforcement officers who were included effective July 27, 2003.

LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

Public Safety Employees' Retirement System. The Public Safety Employees' Retirement System (PSERS) was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions are established in chapter 41.37 RCW and may be amended only by the Legislature. PSERS membership includes full-time employees meeting specific eligibility criteria that are employed by Department of Corrections; Department of Natural Resources; Gambling Commission; Liquor and Cannabis Board; Parks and Recreation Commission; Washington State Patrol; Washington state counties; corrections departments of Washington state cities except for Seattle, Tacoma, and Spokane; or correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS is a cost-sharing, multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

Washington State Patrol Retirement System. The Washington State Patrol Retirement System (WSPRS) was established by the Legislature in 1947. WSPRS benefits are established in chapter 43.43 RCW and may be amended only by the Legislature. Any commissioned employee of the Washington State Patrol is eligible to participate.

WSPRS is a single-employer, defined benefit retirement system. WSPRS members who joined the system by December 31, 2002, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after January 1, 2003, are Plan 2 members. For financial reporting and investment purposes, however, both plans are accounted for in the same pension fund.

Effective June 7, 2012, those WSPRS members who have service credit within PERS Plan 2 have options to transfer their service credit earned as commercial vehicle enforcement officers or as communications officers into the WSPRS, provided the member pays the full actuarial cost of the transfer.

At retirement, these members also have the option of selecting an actuarially reduced benefit in order to provide for post-retirement survivor benefits.

For membership information refer to the table presented in Note 15.B.3.

Judicial Retirement System. The Judicial Retirement System (JRS) was established by the Legislature in 1971.

The JRS retirement benefit provisions are established in chapter 2.10 RCW and may be amended only by the Legislature. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts on or after August 9, 1971.

The JRS is a single-employer, defined benefit retirement system. There are no active members remaining in the Judicial Retirement System.

For membership information refer to the table presented in Note 15.B.3.

Judges' Retirement Fund. The Judges' Retirement Fund (JRF) was created by the Legislature on March 22, 1937, to provide retirement benefits to judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts of the state of Washington. Judges' retirement benefit provisions are established in chapter 2.12 RCW and may be amended only by the Legislature.

The JRF is a single-employer, defined benefit retirement system. There are currently no active members in this plan.

For membership information refer to the table presented in Note 15.B.3.

Benefits Provided

PERS. PERS plans provide retirement, disability, and death benefits to eligible members.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, capped at 60 percent. The AFC is the average of the member's 24 highest consecutive service months.

PERS Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members may elect to receive an optional cost of living allowance (COLA) that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. There is no cap on years of service

credit and a COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. PERS Plan 2 members have the option to retire early with reduced benefits.

PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. There is no cap on years of service credit. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. PERS Plan 3 members have the option to retire early with reduced benefits.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

TRS. TRS plans provide retirement, disability, and death benefits to eligible members.

TRS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) for each year of service credit, up to a maximum of 60 percent. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

TRS Plan 1 members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

TRS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 2 members have the option to retire early with reduced benefits.

TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. The defined benefit portion of TRS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. Plan 3 provides

the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 3 members have the option to retire early with reduced benefits.

TRS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

PERS and TRS Judicial Benefit Multiplier: The Judicial Benefit Multiplier (JBM) Program gave eligible justices and judges an option to increase the benefit multiplier used in their retirement benefit calculation for their judicial service periods of employment. Beginning January 1, 2007, any justice or judge who was in a judicial position at that time could choose to join JBM. Any justice or judge elected or appointed to office on or after January 1, 2007, who elects to join DRS membership will also be mandated into JBM. If they have already established membership in PERS Plan 1 or TRS Plan 1 they will rejoin that plan, but if they have never had membership they will be enrolled as a member of both PERS Plan 2 and JBM.

LEOFF. LEOFF plans provide retirement, disability, and death benefits to eligible members.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service, calculated as a percent of final average salary (FAS), is as follows:

Years of Service	Percent of FAS
20+	2.0%
10-19	1.5%
5-9	1.0%

Other benefits include a cost of living adjustment (COLA).

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for retirement at the age of 53 with at least five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service. FAS is based on the highest consecutive 60 months.

A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. LEOFF Plan 2 members have the option to retire early with reduced benefits.

LEOFF members meeting specific eligibility requirements have options available to enhance their

retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

PSERS. PSERS provides retirement, disability, and death benefits to eligible members.

PSERS members are vested after an employee completes five years of eligible service. PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service, or at age 53 with 20 years of service. A cost of living allowance is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. PSERS members have the option to retire early with reduced benefits.

PSERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

WSPRS. WSPRS plans provide retirement, disability, and death benefits to eligible members.

WSPRS members are vested after the completion of five years of eligible service. Active members are eligible for retirement at the age of 55 with no minimum required service credit, or at any age with 25 years of service credit, and must retire at age 65. This mandatory requirement does not apply to the Chief of the Washington State Patrol. Inactive members can retire at age 60 or at age 55 with a reduced benefit to account for the receipt of benefits over a longer period of time.

The monthly benefit is 2 percent of the average final salary (AFS) per year of service, capped at 75 percent. A cost of living allowance is granted based on the Consumer Price Index, capped at 3 percent annually.

WSPRS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

JRS. The JRS provides retirement, disability, and death benefits to eligible members.

JRS members are eligible for retirement at the age of 60 with 15 years of service; or are age 60 or older, left office involuntarily with 12 years of service credit, and at least 15 years have passed since the beginning of the initial term. The system was closed to new entrants on July 1, 1988, with new judges joining PERS.

The benefit per year of service, calculated as a percent of final average salary (FAS), is shown in the table below. This benefit is capped at 75 percent of FAS, exclusive of cost-of-living increases.

Years of Service	Percent of FAS
15+	3.50%
10-14	3.00%

JRF. The JRF provides disability and retirement benefits to eligible members. The system was closed to new entrants on August 8, 1971, with new judges joining the JRS.

Members are eligible to receive a full retirement allowance at age 70 with 10 years of credited service, or at any age with 18 years of credited service. Members are eligible to receive a partial retirement allowance after 12 years of credited service as a judge.

Contributions

PERS, TRS, PSERS, WSPRS: Defined benefit retirement benefits are financed from a combination of investment earnings and employer and/or employee contributions.

PERS Plan 1 and TRS Plan 1 member contribution rates are established in statute. PERS Plan 2/3 and TRS Plans 2/3 employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund Plan 2 and the defined benefit portion of Plan 3. PSERS Plans 2 and WSPRS Plan 1/2 employer and employee contribution rates are also developed by the OSA to fully fund the plans.

Each biennium, the state Pension Funding Council adopts employer contribution rates for PERS Plan 1 and 3 and for TRS Plan 1 and 3; employee and employer contribution rates for PERS Plan 2, TRS Plan 2, and PSERS Plan 2; and employee and state contribution rates for WSPRS Plans 1 and 2.

The methods used to determine contribution requirements are established under statute and are subject to change by the Legislature.

PERS and TRS JBM members and employers pay increased contributions that, along with investment earnings, fund the increased retirement benefits of those justices and judges who participate in the program.

Upon separation from covered employment, members can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit.

Required contribution rates for fiscal year 2023 are presented in the table in Note 15.B.3.

LEOFF: LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations.

Employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund the plans. Starting on July 1, 2000, LEOFF Plan 1 employers and employees are not required to contribute as long as the plan remains fully funded. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The methods used to determine contribution requirements are established under state statute.

Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. For fiscal year 2023, the state contributed \$88.0 million to LEOFF Plan 2.

Required contribution rates for fiscal year 2023 are presented in the table in Note 15.B.3.

The state is not an employer for LEOFF Plan 1; however, the state is a nonemployer contributing entity for LEOFF Plan 1. For LEOFF Plan 2, the state is both an employer and a nonemployer contributing entity.

Refer to Note 15.B.2 for nonemployer contributing entity disclosures.

JRS and JRF: The JRS and JRF have no active members; therefore, no employer or employee contributions are required. The state guarantees the solvency of the JRS and JRF on a pay-as-you-go basis from a combination of investment earnings and funding from the state.

Past contributions were made based on rates set in statute. By statute, JRF employees were required to contribute 6.5 percent of covered payroll with an equal amount contributed by the state. JRS employees were required to contribute 7.5 percent of covered payroll with an equal amount contributed by the state.

Each biennium, the Legislature, through appropriations from the state General Fund, contributes amounts

sufficient to meet the benefit payment requirements. For fiscal year 2023 the state contributed \$300 thousand for JRF and \$6.7 million for JRS.

Actuarial Assumptions

PERS, TRS, LEOFF, PSERS, and WSPRS: The total pension liability was determined by an actuarial valuation as of June 30, 2021, with the results rolled forward to the June 30, 2022, measurement date using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	3.25 %
Investment rate of return	7.00 %

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor), as the base table. The Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report.

The 7.00 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Refer to the 2021 Report on Financial Condition and Economic Experience Study located on the OSA website for additional information and background on the development of the long-term rate of return assumption.

The WSIB's Capital Market Assumptions (CMAs) contain the following three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20 %	1.5 %
Tangible assets	7 %	4.7 %
Real estate	18 %	5.4 %
Global equity	32 %	5.9 %
Private equity	23 %	8.9 %
Total	100 %	

The inflation component used to create the above table is 2.20 percent, and represents the WSIB's most recent long-term estimate of broad economic inflation.

JRS and JRF: JRS and JRF are excluded from the actuarial valuations performed by OSA due to their small, closed populations and the plans have no remaining active members.

Mortality rates for JRS and JRF are consistent with those used for members of PERS. Members of JRF do not receive a COLA and the JRS COLA assumption is based on a national, instead of local, CPI measure. A 2.75 percent national annual inflation is assumed for the JRS COLA.

Discount rate

PERS, TRS, LEOFF, PSERS, and WSPRS: The discount rate used to measure the total pension liability was 7.00 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Based on the assumptions in OSA's Certification Letter, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00 percent on pension plan investments was applied to determine the total pension liability.

PERS Plan 2/3, PSERS Plan 2, and SERS Plan 2/3 employers' rates include a component for the PERS Plan 1 liability. TRS Plan 2/3 rates include a component for TRS Plan 1 liability.

JRS and JRF: Contributions are made to ensure cash is available to make benefit payments. Since these plans are operated on a pay-as-you-go basis, the discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.54 percent for the June 30, 2022, measurement date.

Refer to the table in Note 15.B.3 for the change in net pension liability.

Pension Expense

The state recognized the following pension expense for the year ended June 30, 2023 (expressed in thousands):

Pension Expense	
Plans	
PERS Plan 1	\$ 508,782
PERS Plan 2/3	(614,398)
TRS Plan 1	14,104
TRS Plan 2/3	(438)
LEOFF Plan 2	2,438
PSERS Plan 2	13,089
WSPRS	(24,001)
JRS	(3,510)
JRF	81

Collective Net Pension Liability/(Asset)

PERS, TRS, LEOFF and PSERS: The following presents the state's proportionate share of the collective net pension liability/(asset), the state's proportionate share percentage, and the change in proportionate share as of June 30, 2023 (expressed in thousands):

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3	LEOFF Plan 2	PSERS Plan 2
Proportionate share of the collective net pension liability/(asset)	\$ 1,174,475	\$ (1,891,211)	\$ 24,942	\$ (2,577)	\$ (20,285)	\$ (46,868)
State's proportion	42.18%	50.99%	1.31%	1.31%	0.75%	65.55%
Increase/(decrease)	-1.17%	-0.26%	—%	0.03%	-0.05%	-1.03%

Net Pension Liability/(Asset)

WSPRS, JRS, and JRF: The following presents the state's net pension liability/(asset) as of June 30, 2023 (expressed in thousands):

	WSPRS	JRS	JRF
Proportionate share of the collective net pension liability/(asset)	\$ (52,937)	\$ 51,257	\$ (92)

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

PERS, TRS, LEOFF, PSERS, and WSPRS: The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 7.00 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate (expressed in thousands):

Net Pension Liability/(Asset)			
Plans	1% Decrease	Current Discount Rate	1% Increase
PERS Plan 1	\$ 1,569,082	\$ 1,174,475	\$ 830,075
PERS Plan 2/3	2,227,148	(1,891,211)	(5,274,703)
TRS Plan 1	33,868	24,942	17,139
TRS Plan 2/3	46,695	(2,577)	(42,635)
LEOFF Plan 2	(934)	(20,285)	(36,122)
PSERS Plan 2	111,633	(46,868)	(171,961)
WSPRS	189,750	(52,937)	(249,387)

JRS and JRF: The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 3.54 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate (expressed in thousands):

Net Pension Liability/(Asset)			
Plans	1% Decrease	Current Discount Rate	1% Increase
JRS	\$ 55,781	\$ 51,257	\$ 47,282
JRF	(56)	(92)	(126)

State of Washington

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

PERS, TRS, LEOFF, PSERS, WSPRS, JRS, and JRF: For the year ended June 30, 2023, the state reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

PERS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	194,646
Change in proportion	—	—
State contributions subsequent to the measurement date	292,716	—
Total	\$ 292,716	\$ 194,646

PERS Plan 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 468,598	\$ 42,812
Changes of assumptions	1,054,089	275,998
Net difference between projected and actual earnings on pension plan investments	—	1,398,186
Change in proportion	20,749	—
State contributions subsequent to the measurement date	450,468	—
Total	\$ 1,993,904	\$ 1,716,996

TRS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	4,470
Change in proportion	—	—
State contributions subsequent to the measurement date	7,818	—
Total	\$ 7,818	\$ 4,470

TRS Plan 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,842	\$ 259
Changes of assumptions	14,520	1,579
Net difference between projected and actual earnings on pension plan investments	—	13,632
Change in proportion	1,908	110
State contributions subsequent to the measurement date	9,649	—
Total	\$ 38,919	\$ 15,580

LEOFF Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,820	\$ 188
Changes of assumptions	5,139	1,766
Net difference between projected and actual earnings on pension plan investments	—	6,794
Change in proportion	147	109
State contributions subsequent to the measurement date	1,674	—
Total	\$ 11,780	\$ 8,857

PSERS Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 24,348	\$ 516
Changes of assumptions	34,408	13,747
Net difference between projected and actual earnings on pension plan investments	—	32,869
Change in proportion	1,765	228
State contributions subsequent to the measurement date	33,507	—
Total	\$ 94,028	\$ 47,360

WSPRS Plan 1/2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 31,131	\$ 1,507
Changes of assumptions	80,795	2,611
Net difference between projected and actual earnings on pension plan investments	—	84,054
Change in proportion	—	—
State contributions subsequent to the measurement date	20,863	—
Total	\$ 132,789	\$ 88,172

JRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	254	—
Change in proportion	—	—
State contributions subsequent to the measurement date	6,700	—
Total	\$ 6,954	\$ —

State of Washington

JRF	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	37	—
Change in proportion	—	—
State contributions subsequent to the measurement date	300	—
Total	\$ 337	\$ —

The amounts reported in the tables above as deferred outflows of resources related to pensions resulting from state contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense in the fiscal years ended June 30 (expressed in thousands):

PERS Plan 1			PERS Plan 2/3			TRS Plan 1			TRS Plan 2/3		
2024	\$	(82,370)	2024	\$	(423,719)	2024	\$	(1,895)	2024	\$	(2,359)
2025	\$	(74,813)	2025	\$	(378,602)	2025	\$	(1,723)	2025	\$	(1,785)
2026	\$	(93,851)	2026	\$	(462,707)	2026	\$	(2,167)	2026	\$	(2,991)
2027	\$	56,388	2027	\$	643,039	2027	\$	1,315	2027	\$	7,877
2028	\$	—	2028	\$	226,608	2028	\$	—	2028	\$	3,309
Thereafter	\$	—	Thereafter	\$	221,821	Thereafter	\$	—	Thereafter	\$	9,639

LEOFF Plan 2			PSERS Plan 2			WSPRS Plan 1/2			JRS		
2024	\$	(2,128)	2024	\$	(10,501)	2024	\$	(12,172)	2024	\$	100
2025	\$	(1,844)	2025	\$	(9,133)	2025	\$	(7,863)	2025	\$	77
2026	\$	(2,456)	2026	\$	(11,914)	2026	\$	(17,095)	2026	\$	49
2027	\$	2,935	2027	\$	16,101	2027	\$	47,403	2027	\$	28
2028	\$	841	2028	\$	4,355	2028	\$	13,481	2028	\$	—
Thereafter	\$	3,901	Thereafter	\$	24,253	Thereafter	\$	—	Thereafter	\$	—

JRF		
2024	\$	14
2025	\$	11
2026	\$	8
2027	\$	4
2028	\$	—
Thereafter	\$	—

2. DRS Plans - Nonemployer Contributing Entity Disclosures

For fiscal year 2023, the state was considered a nonemployer contributing entity in special funding situations for two DRS-administered pension plans, LEOFF Plan 1 and LEOFF Plan 2. State contributions are required by statute to be made directly to these plans to fund pensions. Note 15.B.1 provides the detailed descriptions of these plans, their benefit terms, contribution requirements, significant assumptions used to measure pension liability and mortality, and the discount rate.

Basis for Nonemployer Contributing Entity Contributions. LEOFF Plan 1 has a net pension asset as of the June 30, 2022, measurement date. If needed, RCW 41.26.080 would require employer and employee contributions of 6 percent, and the remaining liabilities funded by the state pursuant to chapter 41.45 RCW. For fiscal year 2022, the nonemployer contributing entity's proportionate share of the net pension asset was considered substantial at 87.12 percent based on historical contributions to the plan.

LEOFF Plan 2 has a net pension asset as of the June 30, 2022, measurement date. In this plan, the state is an employer and a nonemployer contributing entity. RCW 41.26.725 limits the employee contributions to 50 percent, employer contributions to 30 percent, and the state contribution to 20 percent of the cost of benefits. In no instance shall the state contribution exceed four percent of payroll. For fiscal year 2022, the nonemployer contributing entity's proportionate share of the net pension asset was considered substantial at 39.31 percent based on total plan contributions received in fiscal year 2022.

Collective Net Pension Liability/(Asset). The following presents the proportionate share of the collective net pension liability/(asset), the proportionate share percentage, and the change in proportionate share of the state as a nonemployer contributing entity as of June 30, 2023 (expressed in thousands).

	LEOFF Plan 1	LEOFF Plan 2
Proportionate share of the collective net pension liability/(asset)	\$ (2,499,136)	\$ (1,068,387)
State's proportion	87.12%	39.31%
Increase/(decrease)	—%	0.10%

The proportion of the state nonemployer contributions related to LEOFF Plan 1 was based on historical contributions from the state and employers plus fiscal year 2022 retirement benefit payments. The proportion

of the state nonemployer contributions related to LEOFF Plan 2 was based on the state's contributions to the pension plan relative to the total state contributions and all participating employers.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following presents the net pension liability/(asset) of the nonemployer contributing entity calculated using the discount rate of 7.00 percent, as well as what the nonemployer contributing entity's net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate (expressed in thousands):

LEOFF Plan 1 Nonemployer Contributing Entity Proportionate Share of Net Pension Liability/(Asset)	
1% decrease	\$ (2,190,083)
Current discount rate	\$ (2,499,136)
1% increase	\$ (2,767,132)

LEOFF Plan 2 Nonemployer Contributing Entity Proportionate Share of Net Pension Liability/(Asset)	
1% decrease	\$ (49,198)
Current discount rate	\$ (1,068,387)
1% increase	\$ (1,902,507)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2023, the state as a nonemployer contributing entity recognized \$(114.6) million pension expense for LEOFF Plan 1 and \$128.4 million pension expense for LEOFF Plan 2.

At June 30, 2023, the state as a nonemployer contributing entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

LEOFF Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	312,051
Change in proportion	—	—
State contributions subsequent to the measurement date	1	—
Total	\$ 1	\$ 312,051

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LEOFF Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 253,867	\$ 9,913
Changes of assumptions	270,653	93,027
Net difference between projected and actual earnings on pension plan investments	—	357,738
Change in proportion and difference between state contributions and proportionate share of contributions	7,732	5,750
State contributions subsequent to the measurement date	88,177	—
Total	\$ 620,429	\$ 466,428

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30 (expressed in thousands):

LEOFF Plan 1		
2024	\$	(132,163)
2025	\$	(119,665)
2026	\$	(149,627)
2027	\$	89,404
2028	\$	—
Thereafter	\$	—

LEOFF Plan 2		
2024	\$	(112,072)
2025	\$	(97,109)
2026	\$	(129,330)
2027	\$	154,591
2028	\$	44,269
Thereafter	\$	205,475

The amounts reported in the tables above as deferred outflows of resources related to pensions resulting from state contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

3. Tables for Plans Administered by the Department of Retirement Systems

TABLE 1: Single Employer Plan Membership

Membership of the single employer plans administered by the Department of Retirement Systems consisted of the following at June 30, 2022, the date of the latest actuarial valuation for all plans:

Plans	Number of Participating Members			
	Inactive Members (or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
WSPRS 1	1,309	69	242	1,620
WSPRS 2	5	103	674	782
JRS	75	—	—	75
JRF	9	—	—	9
Total	1,398	172	916	2,486

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TABLE 2: Change in Net Pension Liability/(Asset)

The following table presents the change in net pension liability/(asset) of the single employer plans administered by the Department of Retirement Systems at June 30, 2021, the date of the latest actuarial valuation for all plans, with the results rolled forward to the June 30, 2022, measurement date (expressed in thousands):

Change in Net Pension Liability/(Asset)	WSPRS	JRS	JRF
TOTAL PENSION LIABILITY			
Service cost	\$ 23,826	\$ —	\$ —
Interest	109,690	1,447	28
Changes of benefit terms	—	—	—
Differences between expected and actual experience	27,795	1,942	156
Changes of assumptions	98,031	(6,860)	(93)
Benefit payments, including refunds of member contributions	(80,893)	(7,053)	(247)
Net Change in Total Pension Liability	178,449	(10,524)	(156)
Total Pension Liability--Beginning	1,498,199	70,493	1,404
Total Pension Liability--Ending	\$ 1,676,648	\$ 59,969	\$ 1,248
PLAN FIDUCIARY NET POSITION			
Contributions--employer	\$ 19,284	\$ 7,100	\$ 300
Contributions--employee	11,872	—	—
Net investment income	3,811	49	6
Benefit payments, including refunds of member contributions	(80,893)	(7,053)	(247)
Administrative expense	(49)	(4)	—
Other	696	—	—
Net Change in Plan Fiduciary Net Position	(45,279)	92	59
Plan Fiduciary Net Position--Beginning	1,774,864	8,620	1,281
Plan Fiduciary Net Position--Ending	\$ 1,729,585	\$ 8,712	\$ 1,340
Plan's Net Pension Liability/(Asset)--Beginning	\$ (276,665)	\$ 61,873	\$ 123
Plan's Net Pension Liability/(Asset)--Ending	\$ (52,937)	\$ 51,257	\$ (92)

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TABLE 3: Required Contribution Rates

Required contribution rates (expressed as a percentage of current year covered payroll) for all retirement plans administered by the Department of Retirement Systems at the close of fiscal year 2023 were as follows:

Required Contribution Rates	Employer			Employee		
	Plan 1	Plan 2	Plan 3 ¹	Plan 1	Plan 2	Plan 3
PERS						
Employees Not Participating in JBM						
State agencies, local governmental units	6.36 %	6.36 %	6.36 %	6.00 %	6.36 %	varies ²
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL ³	3.85 %	3.85 %	3.85 %			
Total	10.39 %	10.39 %	10.39 %			
State govt elected officials	9.54 %	6.36 %	6.36 %	7.50 %	6.36 %	varies ²
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL ³	5.78 %	3.85 %	3.85 %			
Total	15.50 %	10.39 %	10.39 %			
Employees Participating in JBM						
State agencies	8.86 %	8.86 %	8.86 %	9.76 %	13.40 %	7.50% ⁴
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL ³	3.85 %	3.85 %	3.85 %			
Total	12.89 %	12.89 %	12.89 %			
Local governmental units	6.36 %	6.36 %	6.36 %	12.26 %	15.90 %	7.50% ⁴
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL ³	3.85 %	3.85 %	3.85 %			
Total	10.39 %	10.39 %	10.39 %			
TRS						
Employees Not Participating in JBM						
State agencies, local governmental units	8.05 %	8.05 %	8.05 %	6.00 %	8.05 %	varies ²
Administrative fee	0.18 %	0.18 %	0.18 %			
TRS Plan 1 UAAL ⁵	6.46 %	6.46 %	6.46 %			
Total	14.69 %	14.69 %	14.69 %			
State govt elected officials	8.05 %	8.05 %	8.05 %	7.50 %	8.05 %	varies ²
Administrative fee	0.18 %	0.18 %	0.18 %			
TRS Plan 1 UAAL ⁵	6.46 %	6.46 %	6.46 %			
Total	14.69 %	14.69 %	14.69 %			
Employees Participating in JBM						
State agencies	8.05 %	N/A	N/A	9.76 %	N/A	N/A
Administrative fee	0.18 %	N/A	N/A			
TRS Plan 1 UAAL ⁵	6.46 %	N/A	N/A			
Total	14.69 %					
LEOFF						
Ports and universities	N/A	8.53 %	N/A	N/A	8.53 %	N/A
Administrative fee	0.18 %	0.18 %	N/A			
Total	0.18 %	8.71 %				
Local governmental units	N/A	5.12 %	N/A	N/A	8.53 %	N/A
Administrative fee	0.18 %	0.18 %	N/A			
Total	0.18 %	5.30 %				
State of Washington	N/A	3.41 %	N/A	N/A	N/A	N/A
WSPRS						
State agencies	17.66 %	17.66 %	N/A	8.61 %	8.61 %	N/A
Administrative fee	0.18 %	0.18 %	N/A			
Total	17.84 %	17.84 %				
PSERS						
State agencies, local governmental units	N/A	6.60 %	N/A	N/A	6.60 %	N/A
Administrative fee	N/A	0.18 %	N/A			
PSERS Plan 1 UAAL ³	N/A	3.85 %	N/A			
Total		10.63 %				

1. Plan 3 defined benefit portion only

2. Variable from 5% to 15% based on rate selected by the member

3. Portion of the employer contribution rates of PERS and PSERS plans to fund the Unfunded Actuarial Accrued Liability (UAAL) of PERS plan 1

4. Minimum rate

5. Portion of the employer contribution rate of TRS plans to fund the UAAL of TRS plan 1

N/A indicates data not applicable.

C. PLAN ADMINISTERED BY THE STATE BOARD FOR VOLUNTEER FIREFIGHTERS AND RESERVE OFFICERS

Volunteer Firefighters’ and Reserve Officers’ Relief and Pension Fund

Plan Description. The Volunteer Firefighters’ Relief Act was created by the Legislature in 1935, and the pension portion of the act was added in 1945. As established in chapter 41.24 RCW, the Volunteer Firefighters’ and Reserve Officers’ Relief and Pension Fund (VFFRPF) is a cost-sharing, multiple-employer defined benefit plan and is administered by the State Board for Volunteer Firefighters and Reserve Officers. The board is appointed by the Governor and is comprised of five members of fire departments covered by chapter 41.24 RCW. Administration costs of the VFFRPF are funded through legislative appropriation.

As of June 30, 2023, there were approximately 362 municipalities contributing to the plan.

Plan Members. Membership in the VFFRPF requires volunteer firefighter service with a fire department of an electing municipality of Washington state, emergency work as an emergency medical technician with an emergency medical service district, or work as a commissioned reserve law enforcement officer.

At June 30, 2020, VFFRPF membership consisted of the following:

Plan Membership	
Inactive plan members or beneficiaries currently receiving benefits	4,669
Inactive plan members entitled to but not yet receiving benefits	6,148
Active plan members*	8,244
Total membership	19,061

**Does not include 1,661 active plan members who have chosen not to join the pension plan.*

Benefits Provided. VFFRPF provides retirement, disability, and death benefits to eligible members. Benefits are established in chapter 41.24 RCW which may be amended only by the Legislature.

Since retirement benefits cover volunteer service, benefits are paid based on years of service, not salary. Municipalities consist of fire departments, emergency medical service districts, and law enforcement agencies.

Normal retirement is available at the age of 65 with at least ten years of membership service. The monthly plan benefit formula is \$50 plus \$10 times the number of years the member made pension contributions times a membership service percentage. The maximum monthly pension benefit is \$300. Reduced pensions are available for members beginning at the age of 60 with at least 10 years of service.

Members are vested after ten years of service. VFFRPF members earn no interest on contributions and may elect to withdraw their contributions upon termination.

Death and active duty disability benefits are provided at no cost to the member. Death benefits in the line of duty consist of a lump sum of \$214 thousand. Funeral and burial expenses are also paid in a lump sum of \$2 thousand for members on active duty. Members receiving disability benefits at the time of death shall be paid \$500.

Effective June 7, 2012, at any time prior to retirement or at the time of retirement, a member of the VFFRPF may purchase retirement pension coverage for years of eligible service prior to the member’s enrollment in the system or for years of service credit lost due to the withdrawal of the member’s pension fee contributions. A member choosing to purchase such retirement pension coverage must contribute to the system an amount equal to the actuarial value of the resulting benefit increase.

There were no material changes in VFFRPF benefit provisions for the fiscal year ended June 30, 2023.

Contributions. VFFRPF retirement benefits are financed from a combination of investment earnings, member contributions, municipality contributions, and state contributions. In accordance with chapter 41.24 RCW, the state contribution is set at 40 percent of the fire insurance premium tax. The state is considered a nonemployer contributing entity; however, this is not considered a special funding situation. For fiscal year 2023, the fire insurance premium tax contribution was \$4.1 million.

The municipality rate for emergency medical service districts (EMSD) and law enforcement agencies is set each year by the State Board for Volunteer Firefighters and Reserve Officers, based on the actual cost of participation as determined by the Office of the State Actuary (OSA). All other contribution rates are set by the Legislature. Municipalities may opt to pay the member's fee on their behalf.

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The contribution rates set for calendar year 2023 were the following:

	Firefighters	EMSD & Reserve Officers
Member fee	\$ 30	\$ 30
Municipality fee	30	105
Total fee	\$ 60	\$ 135

Investments. The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

The VFFRPF invests in a global equity Collective Investment Trust Fund operated by a trust company that groups assets contributed into a commingled investment fund. In addition, the VFFRPF invests in the Daily Valued Bond Fund managed by the WSIB.

Further information about the VFFRPF investment balances is included in the plan specific sections of the WSIB financial statements and can be found at: [Annual Reports](#).

The Office of the State Treasurer (OST) manages a small portion of the assets for the VFFRPF. By statute, balances in the accounts in the state treasury and in the custody of the treasurer may be pooled for banking and investment purposes.

The overall objective of the OST investment policy is to construct, from eligible investments, an investment portfolio that is optimal or efficient. An optimal or efficient portfolio is one that provides the greatest expected return for a given expected level of risk, or the lowest expected risk for a given expected return. Eligible investments are only those securities and deposits authorized by statute.

Further information about the investment of pension funds by the OST, their valuation, classifications, concentrations, and maturities can be found in Note 3.F.

Rate of Return. The money-weighted rates of return are provided by the WSIB and OST. For the year ended June 30, 2023, the annual money-weighted rate of return on VFFRPF investments, net of pension plan investment expense, was 12.1 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of external cash flows.

Pension Liability/(Asset). The components of the net pension liability of the participating VFFRPF

municipalities at June 30, 2023, were as follows (dollars expressed in thousands):

Pension Liability	
Total pension liability	\$ 257,222
Plan fiduciary net position	237,291
Participating municipality net pension liability/ (asset)	<u>\$ 19,931</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>92.25%</u>

Actuarial Assumptions. The VFFRPF has a long-term expected rate of return of 6.00 percent. For further details, see the *2022 VFF Economic Experience Study*.

Inflation	2.25 %
Salary increases	N/A
Investment rate of return	6.00 %

The mortality assumptions used for this plan are consistent with assumptions used for the Public Employees' Retirement System.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the 2021 Pension Experience Study, the 2021 Report on Financial Condition and Economic Experience Study, and the 2018 Relief Experience Study.

The OSA selected a 6.00 percent long-term expected rate of return on the WSIB pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the WSIB.

In fiscal year 2022, WSIB established a new set of CMAs as well as a new target asset allocation for VFFRPF. Collectively, this represents the expected asset performance and their weighting.

Best estimates of arithmetic real rates of return for each asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global/Public Equity	70%	8.1%
Fixed income	30%	3.5%
Total	100%	

The inflation component used to create the above table is 2.25 percent, and represents the WSIB's most recent long-term estimate of broad economic inflation.

For additional information and background on the OSA’s development of the long-term rate of return assumptions, refer to the 2021 Report on Financial Condition and Economic Experience Study located on the OSA website. The selection of this assumption and economic experience studies are further detailed in the Department of Retirement Systems (DRS) Annual Comprehensive Financial Report’s actuarial certification letter found on the DRS website.

Discount Rate. The discount rate used to measure the total pension liability was 6.00 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan’s fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on the assumptions in OSA’s Actuarial Certification Letter, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 6.00 percent on plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following presents the net pension liability/(asset) of the municipalities calculated using the discount rate of 6.00 percent, as well as what the municipalities’ net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.00 percent) or 1 percentage point higher (7.00 percent) than the current rate (expressed in thousands):

Municipalities' Net Pension Liability/(Asset)		
1% decrease	\$	50,913
Current discount rate	\$	19,931
1% increase	\$	(5,459)

D. HIGHER EDUCATION RETIREMENT PLAN SUPPLEMENTAL DEFINED BENEFIT PLANS

Plan Description. Higher Education Retirement Plans are privately administered single-employer defined contribution plans with a supplemental defined benefit plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee’s retirement date. State institutions of higher education make direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals. RCW 41.50.075, effective fiscal year 2021, created separate Supplemental Retirement Plan (SRP) funds by institution that met the definition of a trust or equivalent arrangements. As a result, fiscal year 2021 was the first year these plans were reported under

GASB Statement No. 67/68. Prior to this, the SRP's were reported under GASB Statement No. 73.

The state and regional universities, the state college, the state community and technical colleges, and the Student Achievement Council each participate in a separate plan. As authorized by chapter 28B.10 RCW, the plans cover faculty and other positions as designated by each participating employer.

RCW 28B.10.400, et seq. assigns the authority to establish and amend benefit provisions to the board of regents of the state universities, the boards of trustees of the regional universities and the state college, the State Board for Community and Technical Colleges, and the Student Achievement Council.

The Higher Education Defined Contribution Retirement Plans are described in Note 15.E.

Benefits Provided. The Higher Education Supplemental Retirement Plans (SRP) provide retirement, disability, and death benefits to eligible members.

As of July 1, 2011, all Higher Education SRPs were closed to new entrants.

Members are eligible to receive benefits under this plan at age 62 with 10 years of service. The supplemental benefit is a lifetime benefit equal to the amount a member’s goal income exceeds their assumed income. The goal income is equal to 2 percent of the member’s highest two-year average annual salary multiplied by the number of years of service. Benefit service is capped at 25 years. The member’s assumed income is an annuity benefit the retired member would receive had they invested their contribution equally between a fixed income and a variable income annuity investment. Plan members have the option to retire early with reduced benefits.

Actuarial Assumptions. For the total pension liability (TPL), we relied on a valuation date of January 1, 2023, and projected the TPL to the measurement date of June 30, 2023.

The total salary growth, based on the August 2021 Higher Education SRP Experience Study, ranged from 3.50 to 4.00 percent.

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor), as the base table. The Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the

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Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Most actuarial assumptions used in the January 1, 2023, valuation were based on the results of the August 2021 Higher Education SRP Experience Study. Additional assumptions related to salary growth were based on feedback from financial administrators of the Higher Education SRPs.

Material assumption changes. Changes in methods and assumptions that occurred between the measurement of the June 30, 2022, TPL and the June 30, 2023, TPL:

- The valuation date was changed from June 30 to January 1. This corresponds with the new data file being provided with participant information as of January 1, 2023.
- Annuity conversion assumptions were updated for the Teachers Insurance and Annuity Association (TIAA) investments based on input from TIAA and OSA's professional judgment. TIAA contributions and investment earnings annuity conversion changed from contributions made pre-2002/post-2001 converted at 6.00 percent/3.25 percent to contributions pre-2006/post-2005 converted at 7.00 percent/4.00 percent.

Additionally, OSA recently completed an experience study which modified multiple assumptions to estimate future plan experience.

Discount Rate. The discount rate used to measure the TPL was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 7.00 percent for the June 30, 2023, measurement date.

Pension Expense. The Pension Expense is the summation of a number of components, including benefits earned during the fiscal year and interest on the TPL. These numbers are sensitive to assumption changes and plan experience and can be volatile from year to year.

For the year ended June 30, 2023, the Higher Education SRPs reported the following for pension expense (expressed in thousands):

Pension Expense	
Plans	
University of Washington (UW)	\$ (39,810)
Washington State University (WSU)	(7,586)
Eastern Washington University (EWU)	(629)
Central Washington University (CWU)	105
The Evergreen State College (TESC)	(567)
Western Washington University (WWU)	(1,302)
State Board for Community and Technical Colleges (SBCTC)	(3,130)
Total	\$ (52,919)

Plan Membership. Membership of the Higher Education SRPs consisted of the following at June 30, 2023, the date of the latest actuarial valuation for all plans:

Number of Participating Members				
Plans	Inactive Members (or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
University of Washington (UW)	1,289	341	4,117	5,747
Washington State University (WSU)	479	166	1,073	1,718
Eastern Washington University (EWU)	70	33	217	320
Central Washington University (CWU)	70	14	63	147
The Evergreen State College (TESC)	33	15	113	161
Western Washington University (WWU)	84	50	402	536
State Board for Community and Technical Colleges (SBCTC)	407	393	4,071	4,871
Total	2,432	1,012	10,056	13,500

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Change in Net Pension Liability/(Asset). The following table presents the change in net pension liability/(asset) of Higher Education SRPs at June 30, 2023 (expressed in thousands):

Change in Net Pension Liability/(Asset)	UW	WSU	EWU	CWU	TESC	WWU	SBCTC
TOTAL PENSION LIABILITY							
Service cost	\$ 5,068	\$ 857	\$ 210	\$ 24	\$ 72	\$ 327	\$ 1,985
Interest	22,106	3,916	920	373	349	1,454	7,167
Changes of benefit terms	—	—	—	—	—	—	—
Differences between expected and actual experience	(31,360)	(669)	(2,820)	(181)	(1,152)	(3,236)	(5,760)
Changes of assumptions	(26,643)	(4,222)	(1,040)	(273)	(361)	(2,251)	(11,407)
Benefit payments	(10,989)	(3,228)	(366)	(493)	(155)	(594)	(3,008)
Net Change in Total Pension Liability	(41,818)	(3,345)	(3,096)	(550)	(1,245)	(4,300)	(11,024)
Total Pension Liability--Beginning	316,127	56,679	13,119	5,545	4,994	20,743	101,882
Total Pension Liability--Ending	\$ 274,309	\$ 53,334	\$ 10,023	\$ 4,995	\$ 3,748	\$ 16,443	\$ 90,859
PLAN FIDUCIARY NET POSITION							
Contributions--Employer	\$ 8,358	\$ 1,040	\$ 172	\$ 178	\$ 46	\$ 234	\$ 862
Contributions--Member	—	—	—	—	—	—	—
Net Investment Income	7,189	1,358	269	271	102	395	2,361
Benefit Payments, Including Refunds of Member Contributions	—	—	—	—	—	—	—
Administrative Expense	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	15,547	2,398	441	449	148	630	3,223
Plan Fiduciary Net Position--Beginning	96,989	18,643	3,720	3,751	1,421	5,488	33,145
Plan Fiduciary Net Position--Ending	\$ 112,536	\$ 21,041	\$ 4,161	\$ 4,200	\$ 1,569	\$ 6,117	\$ 36,368
Plan's Net Pension Liability/(Asset)--Ending	\$ 161,773	\$ 32,292	\$ 5,862	\$ 795	\$ 2,180	\$ 10,326	\$ 54,491

Note: Figures may not total due to rounding.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following table presents the net pension liability/(asset), calculated using the discount rate of 7.00 percent, as well as what the employers' net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate (expressed in thousands):

Plans	Net Pension Liability/(Asset)		
	1% Decrease	Current Discount Rate	1% Increase
University of Washington (UW)	\$ 192,736	\$ 161,773	\$ 135,272
Washington State University (WSU)	37,566	32,292	27,743
Eastern Washington University (EWU)	6,966	5,862	4,917
Central Washington University (CWU)	1,178	795	459
The Evergreen State College (TESC)	2,568	2,180	1,845
Western Washington University (WWU)	12,124	10,326	8,783
State Board for Community and Technical Colleges (SBCTC)	64,572	54,491	45,842
Total	\$ 317,710	\$ 267,719	\$ 224,861

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Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the Higher Education SRPs reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

University of Washington (UW)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 100,648	\$ 259,025
Changes of assumptions	95,609	158,992
Difference between projected and actual	4,094	7,092
Total	\$ 200,351	\$ 425,109

Washington State University (WSU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,002	\$ 27,896
Changes of assumptions	11,973	21,938
Difference between projected and actual	791	1,405
Total	\$ 22,766	\$ 51,239

Eastern Washington University (EWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,867	\$ 6,404
Changes of assumptions	2,155	4,872
Difference between projected and actual	158	283
Total	\$ 5,180	\$ 11,559

Central Washington University (CWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ 52
Changes of assumptions	—	78
Difference between projected and actual	159	283
Total	\$ 159	\$ 413

The Evergreen State College (TESC)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 790	\$ 2,596
Changes of assumptions	753	1,535
Difference between projected and actual	61	110
Total	\$ 1,604	\$ 4,241

Western Washington University (WWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,922	\$ 11,496
Changes of assumptions	3,664	6,622
Difference between projected and actual	234	420
Total	\$ 8,821	\$ 18,537

State Board for Community and Technical Colleges (SBCTC)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 21,378	\$ 26,607
Changes of assumptions	18,280	41,924
Difference between projected and actual	1,419	2,591
Total	\$ 41,077	\$ 71,122

Note: Figures may not total due to rounding.

State of Washington

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30 (expressed in thousands):

University of Washington (UW)		Washington State University (WSU)		Eastern Washington University (EWU)		Central Washington University (CWU)	
2024	\$ (59,906)	2024	\$ (8,317)	2024	\$ (1,127)	2024	\$ (218)
2025	\$ (46,326)	2025	\$ (7,622)	2025	\$ (1,581)	2025	\$ (88)
2026	\$ (37,008)	2026	\$ (8,409)	2026	\$ (2,078)	2026	\$ 53
2027	\$ (71,315)	2027	\$ (4,756)	2027	\$ (1,005)	2027	\$ (1)
2028	\$ (8,332)	2028	\$ 631	2028	\$ (588)	2028	\$ —
Thereafter	\$ (1,871)	Thereafter	\$ —	Thereafter	\$ —	Thereafter	\$ —

The Evergreen State College (TESC)		Western Washington University (WWU)		State Board for Community and Technical Colleges (SBCTC)	
2024	\$ (780)	2024	\$ (1,918)	2024	\$ (8,284)
2025	\$ (808)	2025	\$ (1,908)	2025	\$ (5,812)
2026	\$ (818)	2026	\$ (2,993)	2026	\$ (5,199)
2027	\$ (146)	2027	\$ (2,261)	2027	\$ (10,285)
2028	\$ (85)	2028	\$ (461)	2028	\$ 856
Thereafter	\$ —	Thereafter	\$ (175)	Thereafter	\$ (1,321)

E. DEFINED CONTRIBUTION PLANS

Public Employees' Retirement System Plan 3

The Public Employees' Retirement System (PERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer to Note 15.B for PERS plan descriptions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in PERS Plan 3 are immediately vested in the defined contribution portion of their plan and can elect

to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from PERS-covered employment.

Teachers' Retirement System Plan 3

The Teachers' Retirement System (TRS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer to Note 15.B for TRS plan descriptions.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of TRS Plan 3.

TRS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, TRS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in TRS Plan 3 are immediately vested in the defined contribution portion of their plan, and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from TRS-covered employment.

Judicial Retirement Account

The Judicial Retirement Account (JRA) Plan was established by the Legislature in 1988 to provide supplemental retirement benefits. It is a defined contribution plan administered by the state Administrative Office of the Courts (AOC), under the direction of the Board for Judicial Administration. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts, and who are members of PERS for their services as a judge. Vesting is full and immediate. At June 30, 2023, there were no active members, 72 inactive members, and 19 members receiving monthly benefits in JRA. The state, through the AOC, is the sole participating employer.

Beginning January 1, 2007, any justice or judge who was in a judicial position at that time and who chose to join the Judicial Benefit Multiplier (JBM) Program could no longer participate in JRA. Any justice or judge elected or appointed to office on or after January 1, 2007, who elects to join DRS membership will also be mandated into JBM. If they have already established membership in PERS Plan 1 or TRS Plan 1 they will rejoin that plan, but if they have never had membership, they will be enrolled as a member of both PERS Plan 2 and JBM.

JRA Plan members are required to contribute 2.5 percent of covered salary. The state, as employer, contributes an equal amount on a monthly basis. The employer and employee obligations to contribute are established per chapter 2.14 RCW. Plan provisions and contribution requirements are established in state statute and may be amended only by the Legislature.

A JRA member who separates from judicial service for any reason is entitled to receive a lump-sum distribution of the accumulated contributions. The administrator of JRA may adopt rules establishing other payment options. If a member dies, the amount of accumulated contributions standing to the member's credit at the time of the member's death is to be paid to the member's estate or such person or persons, trust or

organization, as the member has nominated by written designation.

For fiscal year 2023, there were no contributions made to employee accounts.

The administrator of JRA has entered an agreement with the DRS for accounting and reporting services, and the Washington State Investment Board (WSIB) for investment services. Under this agreement, the DRS is responsible for all record keeping, accounting, and reporting of member accounts and the WSIB is granted the full power to establish investment policy, develop participant investment options, and manage the investment funds for the JRA Plan, consistent with the provisions of RCW 2.14.080 and 43.84.150.

Higher Education Retirement Plans

The Higher Education Retirement Plans are privately administered defined contribution plans with a supplemental defined benefit plan component. The state and regional universities, the state college, the state community and technical colleges, and the Student Achievement Council each participate in a plan. As authorized by chapter 28B.10 RCW, the plans cover faculty and other positions as designated by each participating employer.

Contributions to the plans are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have, at all times, a 100 percent vested interest in their accumulations.

RCW 28B.10.400, et seq. assigns the authority to establish and amend benefit provisions to the board of regents of the state universities, the boards of trustees of the regional universities and the state college, the State Board for Community and Technical Colleges, and the Student Achievement Council.

Employee contribution rates, based on age, range from 3.28 percent to 9.12 percent of salary. The employers match the employee contributions. The employer and employee obligations to contribute are established per chapter 28B.10 RCW.

For fiscal year 2023, employer and employee contributions were \$256.5 million and \$259.1 million, respectively, for a total of \$515.6 million.

Note 16 Other Postemployment Benefits

General Information

In addition to pension benefits as described in Note 15, the state, through the Health Care Authority (HCA), administers a single-employer defined benefit other postemployment benefit (OPEB) plan.

Plan Description. Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers, and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumptions used in valuations presented in this note assume that this substantive plan will be carried forward into the future.

The PEBB OPEB plan is funded on a pay-as-you-go basis and is reported in governmental funds using the modified accrual basis and the current financial resources measurement focus. For all proprietary and fiduciary funds, the OPEB plan is reported using the economic resources measurement focus and the accrual basis of accounting. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

Employees Covered by Benefit Terms. Employers participating in the PEBB plan for the state include general government agencies, higher education institutions, and component units. Additionally, there are 8 of the state's K-12 schools and educational service districts (ESDs), and 274 political subdivisions and tribal governments not included in the state's financial reporting that participate in the PEBB plan.

Membership in the PEBB plan for the state consisted of the following:

Summary of Plan Participants As of June 30, 2022	
Active employees*	128,393
Retirees receiving benefits**	37,135
Retirees not receiving benefits***	N/A
Total active employees and retirees	165,528

*Reflects active employees eligible for PEBB program participation as of June 30, 2022.

**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.

***HCA doesn't have data on this group and OSA doesn't have the methodology to reasonably estimate it. As a result, we are unable to provide an estimate for fiscal year 2023.

The PEBB retiree OPEB plan is available to employees who elect at the time they retire to continue coverage and pay the administratively established premiums under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the following retirement systems: Public Employees' Retirement System, Public Safety Employees' Retirement System, Teachers' Retirement System, Service Employees' Retirement System, Washington State Patrol Retirement System, Higher Education Retirement Plans, Judicial Retirement System, and Law Enforcement Officers' and Firefighters' Retirement System Plan 2. However, not all employees who participate in these plans offer PEBB to retirees.

Benefits Provided. Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium.

In calendar year 2022, the average weighted implicit subsidy was valued at \$392 per adult unit per month. In calendar year 2023, the average weighted implicit subsidy is projected to be \$421 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2023, the explicit subsidy was up to \$183 per member per month, and it will remain \$183 per member per month in calendar year 2024.

Contribution Information. Administrative costs as well as implicit and explicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits.

Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis.

The estimated monthly cost for PEBB benefits for the reporting period for each active employee (average across all plans and tiers) is as follows (expressed in dollars):

Required Premium*	
Medical	\$ 1,251
Dental	81
Life	4
Long-term disability	2
Total	\$ 1,338
Employer contribution	\$ 1,156
Employee contribution	182
Total	\$ 1,338

*Per FY2022 PEBB Financial Projection Model version 7.0. Per capita cost based on subscribers, includes non-Medicare risk pool only. Figures based on calendar year 2023 which includes projected claims cost at the time of this reporting.

Each participating employer in the plan is required to disclose additional information with regard to funding policy, the employer's annual OPEB costs and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

For information on the results of an actuarial valuation of the employer provided subsidies associated with the PEBB plan, refer to the Office of the State Actuary's (OSA) website: [OSA Additional Services](#). Please note that the results from OSA's report will not precisely match this publication due to the exclusion of a component unit that reports on a cash basis, and inclusion of a component unit not included in OSA's valuation report.

Actuarial Assumptions. The total OPEB liability was determined using the following methodologies:

Actuarial valuation date	6/30/2022
Actuarial measurement date	6/30/2022
Actuarial cost method	Entry Age
Amortization method	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset valuation method	N/A - No Assets

Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (i.e., the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members (active employees and retirees) to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.35%
Projected salary changes	3.25% plus service-based salary increases
Health care trend rates	Initial trend rate ranges from 2-11%, reaching an ultimate rate of approximately 3.8% in 2080.
Post-retirement participation percentage	60%
Percentage with spouse coverage	45%

In projecting the growth of the explicit subsidy, after 2023 when the cap is \$183, it is assumed to grow at the health care trend rates. The Legislature determines the value of the cap and no future increases are guaranteed; however, based on historical growth patterns, future increases to the cap are assumed.

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2023 Demographic Experience Study Report. The post-retirement participation percentage and percentage with spouse coverage, were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2021 Economic Experience Study.

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Discount Rate. Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 2.16 percent for the June 30, 2021, measurement date and 3.54 percent for the June 30, 2022, measurement date.

Additional detail on assumptions and methods can be found on OSA's website.

Total OPEB Liability. As of June 30, 2023, the state reported a total OPEB liability of \$4.25 billion.

Changes in Total OPEB Liability

The following table presents the change in the total OPEB liability as of the June 30, 2023, reporting date (expressed in thousands):

Changes in Total OPEB Liability	State	Component Units	Total
Total OPEB Liability - Beginning	\$ 6,467,795	\$ 5,256	\$ 6,473,051
Changes for the year:			
Service cost	313,201	346	313,547
Interest	145,321	151	145,472
Difference between expected and actual experience*	(143,915)	(85)	(144,000)
Changes in assumptions*	(2,429,899)	(1,468)	(2,431,367)
Changes in proportion	(57)	55	(2)
Benefit payments	(106,768)	(112)	(106,880)
Net Changes in Total OPEB Liability	(2,222,117)	(1,113)	(2,223,230)
Total OPEB liability - Ending	\$ 4,245,678	\$ 4,143	\$ 4,249,821

*The recognition period for these changes is nine years. This is equal to the average expected remaining service lives of all active and inactive members.

The decrease in the total OPEB liability is due to changes in assumptions resulting primarily from a decrease in the Bond Buyer General Obligation 20-Bond Municipal Bond Index discount rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.

The following presents the total OPEB liability of the state as an employer calculated using the discount rate of 3.54 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate (expressed in thousands):

	State	Component Units	Total
1% decrease	\$ 4,974,898	\$ 4,894	\$ 4,979,792
Current discount rate	\$ 4,245,678	\$ 4,143	\$ 4,249,821
1% increase	\$ 3,658,895	\$ 3,545	\$ 3,662,440

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates.

The following represents the total OPEB liability of the state as an employer, calculated using the health care trend rates of 2-11 percent reaching an ultimate range of approximately 3.80 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10 percent) or 1 percentage point higher (3-12 percent) than the current rate (expressed in thousands):

	State	Component Units	Total
1% decrease	\$ 3,594,748	\$ 3,461	\$ 3,598,209
Current health care cost trend rate	\$ 4,245,678	\$ 4,143	\$ 4,249,821
1% increase	\$ 5,078,434	\$ 5,033	\$ 5,083,467

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB.

For the year ending June 30, 2023, the state recognized OPEB expense of \$561 thousand.

On June 30, 2023, the state reported deferred outflows of resources and deferred inflows of resources related to OPEB for the state, including component units, from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 88,921	\$ 149,689
Changes of assumptions	348,303	3,080,822
Transactions subsequent to the measurement date	107,218	—
Changes in proportion	275,398	275,419
Total	\$ 819,840	\$ 3,505,930

Deferred outflows of resources and deferred inflows of resources related to OPEB for component units as of the June 30, 2023, reporting date were as follows (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 414	\$ 303
Changes of assumptions	322	2,850
Transactions subsequent to the measurement date	64	—
Changes in proportion	121	247
Total	\$ 921	\$ 3,400

Amounts reported as deferred outflows of resources related to OPEB resulting from transactions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for the state will be recognized in OPEB expense in the fiscal years ended June 30 (expressed in thousands):

Subsequent Years	
2024	\$ (458,411)
2025	\$ (458,411)
2026	\$ (458,411)
2027	\$ (358,142)
2028	\$ (225,826)
Thereafter	\$ (834,107)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for component units will be recognized in OPEB expense in the fiscal years ended June 30 (expressed in thousands):

Subsequent Years	
2024	\$ (348)
2025	\$ (348)
2026	\$ (348)
2027	\$ (284)
2028	\$ (203)
Thereafter	\$ (1,012)

Note 17 Derivative Instruments

Hedging Derivative Instruments

In addition to investment derivative instruments as described in Note 3, the state, through the Washington

State Department of Transportation Ferries Division (WSF), entered into commodity swap agreements to hedge a portion of WSF diesel fuel costs.

The following table presents the hedging derivative instruments as of June 30, 2023 (expressed in thousands):

	Changes in Fair Value		Fair Value at June 30, 2023		Notional Amount (in Gallons)
	Classification	Amount	Classification	Amount	
Governmental Activities					
Cash flow hedges:					
	Deferred		Accounts		
Commodity swaps	Inflow	\$ 9,085	Payable	\$ 180	7,560

The commodity swaps noted above were reviewed for hedge accounting and were deemed effective using the regression analysis method.

Objective

The objective for the hedge transaction is to minimize the volatility of fuel cost and increase the likelihood that actual net fuel cost will remain below the budgeted cost.

To accomplish this, a strategy of active hedging has been implemented by WSF to control the uncertain costs of fuel and allow for more accurate budget estimates.

Significant Terms

The significant terms of WSF active hedges during fiscal year 2023 are presented in the following table:

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Type	Counterparty	Contract Price per Gallon	Variable Rate Received	Trade Date	Settlement Period	Monthly Notional Amount (in Gallons)
Commodity Swap	Cargill	1.92	NYMEX ULSD Heating Oil	8/19/2021	7/2022 - 6/2023	252,000
Commodity Swap	Cargill	2.67	NYMEX ULSD Heating Oil	2/23/2023	3/2023 - 6/2023	168,000
Commodity Swap	Cargill	2.66	NYMEX ULSD Heating Oil	3/8/2023	5/2023 - 6/2023	294,000
Commodity Swap	Cargill	2.48	NYMEX ULSD Heating Oil	4/20/2023	7/2023 - 3/2024	252,000
Commodity Swap	BofA - Merrill Lynch	2.03	NYMEX ULSD Heating Oil	11/30/2021	7/2022 - 6/2023	252,000
Commodity Swap	BofA - Merrill Lynch	2.78	NYMEX ULSD Heating Oil	12/6/2022	1/2023 - 6/2023	252,000
Commodity Swap	BofA - Merrill Lynch	2.57	NYMEX ULSD Heating Oil	3/14/2023	7/2023 - 12/2023	252,000
Commodity Swap	BofA - Merrill Lynch	2.31	NYMEX ULSD Heating Oil	5/2/2023	7/2023 - 6/2024	252,000

The hedging strategy consists of a reference to futures contracts of New York Mercantile Exchange (NYMEX) Ultra Low Sulfur Diesel (ULSD) Heating Oil. This commodity remains highly correlated to the diesel fuel type being used by WSF. These fuel hedges require no initial cash investment and provide monthly settlements.

The monthly settlements are based on the daily prices of the respective commodities whereby WSF will either receive a payment or make a payment to the counterparty, depending on the average monthly prices of the commodities in relation to the contract prices.

Fair Value

The state reports its hedging derivative instruments at fair value as either accounts payable - liability (negative fair value amount) or as other receivables - asset (positive fair value amount). The fair value represents the current price to settle swap assets or liabilities in the market place if a swap were to be terminated. The changes in fair value for hedging derivative instruments represent the unrealized gain or loss on the contracts and are reported as deferred inflows of resources or deferred outflows of resources, respectively. At fiscal year end, the state reports the fair value and changes in fair value related to hedging derivative instruments on the Balance Sheet for Nonmajor Governmental Funds and the Government-wide Statement of Net Position.

Risks

The following risks are generally associated with commodity swap agreements:

Basis Risk. Basis risk is the risk that arises when variable rates or prices of a hedging derivative instrument and a hedged item are based on different reference rates.

Statistically, the relationship between heating oil prices and diesel fuel prices has been quite stable over the past five years with a 98 percent correlation. This means that the heating oil futures price explains 98 percent of the variance in the price that WSF pays for its diesel fuel, making it highly reliable. In order to mitigate basis risk, WSF continually monitors the relationship between futures prices and the price of diesel fuel delivered.

Termination Risk. Termination risk is the risk that there will be a mandatory early termination of the commodity swap that would result in WSF either paying or receiving a termination payment. Mandatory terminations generally result when a counterparty suffers degraded credit quality or fails to perform. Upon termination, payment may be required by either party, reflecting fair value at the time of termination.

Credit Risk. Credit risk is the risk that the counterparty fails to make the required payments or otherwise comply with the terms of the swap agreement. WSF is exposed to credit risk in the amount of the derivative instrument's fair value. When the fair value of any derivative instrument has a positive fair value, then WSF is exposed to the actual risk that the counterparty will not fulfill its obligation. To mitigate credit risk, WSF monitors the credit ratings of the counterparties. At June 30, 2023, credit ratings of the state's counterparty were as follows:

Counterparty	Moody's	Standard & Poor's	Fitch
Cargill	A2	A	A
Bank of America Merrill Lynch International Limited	-	A+	AA

Note 18

Tax Abatements

During fiscal year 2023, the state of Washington provided material tax abatements through six programs, three of which are only available to businesses in the aerospace industry.

Data Center Server Equipment and Power Infrastructure Tax Exemption

Per Revised Code of Washington (RCW) 82.08.986, 82.08.9861, 82.12.986, and 82.12.9861, the purchase or use of server equipment and power infrastructure in data centers within the state of Washington, along with certain related labor and services charges, may be exempt from sales and use tax to encourage immediate investments in technology facilities. The Department of Revenue (DOR) will issue an exemption certificate, which the buyer must present to the seller at the time of the sale in order to make eligible tax-exempt purchases. All previously exempted sales and use tax are immediately due and payable for a qualifying business that does not meet the following requirements.

Within six years of the date that the exemption certificate is issued, the certificate holder must establish that net employment at the computer data center has increased by a minimum of 35 family wage positions or 3 family wage employment positions for each 20,000 square feet or less of space. Family wage employment positions are new permanent employment positions requiring 40 hours of weekly work, or their equivalent, at the eligible computer data center. For exemption certificates issued before June 9, 2022, family wage employment positions must receive a wage equivalent to or greater than 150 percent of the per capita personal income of the county in which the project is located. For exemption certificates issued on or after June 9, 2022, family wage employment positions must receive a wage equivalent to or greater than 125 percent of the per capita personal income of the county in which the project is located.

For exemption certificates issued on or after June 9, 2022, within three years after being placed in service, the qualifying business operating a newly constructed data center must certify to the department that it has attained certification under one or more of the approved sustainable design or green building standards.

High-Technology Business Tax Deferral Program

Chapter 82.63 RCW provides a deferral and ultimate waiver of sales and use tax to encourage the creation of high-wage, high-skilled jobs in the state of Washington. The deferral applies to sales and use tax arising from the construction or expansion of a qualified research and development facility or a pilot scale manufacturing facility used in the fields of advanced computing, advanced

materials, biotechnology, electronic device technology, or environmental technology.

Businesses must apply for a deferral certificate prior to being issued a building permit for the project(s) or before taking possession of machinery and equipment. Eligible projects will receive a sales and use tax deferral certificate issued by DOR, which allows vendors and contractors to sell to the approved business without charging sales tax. An annual survey must be filed by May 31 of the year in which the project is certified and for the following seven years. If the investment project is used for any other purpose at any time during the calendar year in which the investment is certified as operationally complete, or during the next seven calendar years, a portion of the deferred taxes must be repaid immediately. The portion due is determined by a sliding scale ranging from 100 percent recapture in the year the project is operationally complete to 12.5 percent recapture in year eight.

Multi-Unit Urban Housing Tax Exemption

RCW 84.14.020 allows for a property tax exemption to improve residential opportunities, including affordable housing opportunities, in urban centers. In order to qualify for the exemption, the new or rehabilitated multiple-housing unit must be located in a targeted residential area designated by the city or county, provide for a minimum of 50 percent of the space for permanent residential occupancy, meet all construction and development regulations, and be completed within three years of the application approval date, with the option to extend the completion timeline an additional 24 months or five years for applications submitted prior to February 15, 2020. To qualify as a rehabilitated unit, the property must also fail to comply with one or more standards of the applicable state or local building or housing codes on or after July 23, 1995.

The property owner must apply for the exemption certificate with the city or county where the property is located before beginning construction. If the application is approved, the exemption certificate will be issued after the owner certifies all requirements have been met upon completion of the project. Each tax exemption certificate recipient must submit an annual report to the city or county. If a portion of the property no longer meets the exemption requirements, the tax exemption is canceled and a lien will be placed on the land for the additional real property tax on the value of the non-qualifying improvements plus a 20 percent penalty and interest.

Aerospace Incentives

The state of Washington provides tax abatement programs to the aerospace industry to encourage the industry's continued presence in the state.

Product Development Expenditures Credit. RCW 82.04.4461 allows a business and occupation (B&O) tax credit equal

to 1.5 percent of expenditures on aerospace product development performed within Washington. A business claiming the credit must file an annual tax performance report with DOR.

Business Facilities Credit. Per RCW 82.04.4463, manufacturers and processors for hire of commercial airplanes or their component parts and aerospace tooling manufacturers are eligible for a B&O tax credit equal to the property and leasehold taxes paid on certain buildings, land, and the increased value from certain building renovations or expansions, as well as a portion of property taxes paid on certain machinery and equipment. The credit for machinery and equipment is equal to the amount of property taxes paid on the machinery and equipment multiplied by a fraction as prescribed in the RCW. Eligibility for the credit requires the building, land, and/or machinery and equipment be used exclusively in manufacturing commercial airplanes or their components or in manufacturing tooling specifically designed for use in manufacturing commercial airplanes or their components. A business claiming the credit must file an annual tax performance report with DOR.

In addition, non-manufacturers engaged in the business of aerospace product development and certificated Federal Aviation Regulation repair stations making retail sales are eligible for a B&O tax credit equal to property and leasehold taxes on certain buildings, land, and the increased value of renovated buildings, and qualifying computer equipment and peripherals under RCW 82.04.4463. Eligibility for the credit requires the building, land, and/or computer equipment and peripherals be used exclusively in aerospace product development or in providing aerospace services. A business claiming the credit must file an annual tax performance report with DOR.

Computer Hardware, Software, and Peripherals Exemption. The purchase and use of computer hardware, software, or peripherals, including installation charges, is exempt from sales and use tax per RCW 82.08.975 and 82.12.975 if the item is used primarily in developing, designing, and engineering aerospace products. The purchaser must present a Buyers' Retail Sales Tax Exemption Certificate to the seller at the time of purchase.

The following table shows the amount of taxes abated during fiscal year 2023 (expressed in thousands):

Tax Abatement Program	Amount of Taxes Abated
Data center server equipment and power infrastructure exemption	\$ 75,790
High-technology business tax deferral program	30,727
Multi-unit urban housing tax exemption	35,888
Aerospace incentives:	
Aerospace product development expenditures credit	48,482
Aerospace business facilities credit	36,400
Computer hardware, software, and peripherals exemption	5,021
Total	\$ 232,308

Note 19 Commitments and Contingencies

A. CAPITAL COMMITMENTS

Outstanding commitments related to state infrastructure and facility construction, improvement, and/or renovation totaled \$7.17 billion at June 30, 2023.

B. ENCUMBRANCES

Encumbrances, which represent commitments related to unperformed contracts for goods or services, are included in restricted, committed, or assigned fund balance, as appropriate. Operating encumbrances lapse at the end of the applicable appropriation period. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. There were no encumbrances outstanding against continuing appropriations at the end of fiscal year 2023.

C. SUMMARY OF SIGNIFICANT LITIGATION

Pending Litigation

The state and its agencies are parties to numerous routine legal proceedings that normally occur in governmental operations. In addition, at any given point, there may be numerous lawsuits involving the implementation, reduction, or elimination of specific state programs that could significantly impact expenditures and revenues, and potentially have future budgetary impact. This summary considers significant litigation not covered by tort insurance. Tort case liabilities are disclosed in Note 7.D, Claims and Judgments, Risk Management.

There is an on-going federal class action alleging insufficient competency services at state hospitals. The parties have agreed and negotiated a phased-in settlement, which received final approval from the court in 2018. In July 2023, the federal court found the state was in breach of the settlement agreement and in further contempt of the court's orders. The court entered a modified order in August 2023 upholding the original claim and added new contempt fines. A decision from the court is pending regarding a payment plan for approximately \$100.3 million.

Several pharmacy associations sued the state to block the implementation of new rules regarding rate methodology changes for Medicaid fee-for-service payments which took effect in April 2017. When the Center for Medicare and Medicaid Services (CMS) denied the Medicaid State Plan (MSP) Amendment which contained the same rule changes, the state appealed and finally received CMS approval of the MSP. The pharmacy associations subsequently filed a lawsuit against CMS resulting in CMS reversing the prior approval of the MSP in June 2022. In September 2023, the state entered into a settlement with the pharmacy associations with an estimated cost of \$60 million.

The state denied a taxpayer's use of tax exemption for goods and retail services, and the determination was upheld by the Board of Tax Appeals. In June 2023, the taxpayer paid the disputed amount of approximately \$21.7 million and filed a Petition for Judicial Review, which is awaiting a scheduled hearing date.

The state is also the defendant in a number of cases regarding improper tax assessments, inadequate provision of education services and unfair compensation practices for part-time college faculty. Collective claims in these programmatic and service cases are currently indeterminable, but adverse rulings in some of these cases could result in significant future costs. The state is contesting these lawsuits and the outcomes are uncertain at this time.

Tobacco Settlement

In November 1998, Washington joined 45 other states in a Master Settlement Agreement (MSA) with the nation's largest tobacco manufacturers to provide restitution for monies spent under health care programs for the treatment of smoking-related illnesses.

The annual payments to each state under the MSA are subject to a number of adjustments, including the nonparticipating manufacturer (NPM) adjustment. The NPM adjustment is a downward adjustment that is applicable to any state found by an arbitration panel not to have diligently enforced the qualifying statute. The amount of the available adjustment is calculated every year by Price Waterhouse Coopers and is typically \$1.25 billion. States found not diligent share the costs of that downward adjustment and the adjustment is applied against the next annual MSA payment. No state can lose more than its entire annual payment.

For every annual MSA payment cycle since 2006, the participating manufacturers have withheld the amount of the available NPM adjustment from their MSA payments claiming all of the states were not diligent, depositing the amount of the available adjustment into a Disputed Payments Account. For Washington, the amount withheld from each payment has been in the range of approximately \$17.5 million to \$24.9 million. The states are required to sue the participating manufacturers to recover the withheld amounts.

The withholding in 2006 challenged the states' diligence for calendar year 2003. That challenge marked the first time the NPM adjustment procedure was involved and led to diligent enforcement arbitration. The arbitration occurred in two stages: a national hearing on "common issues" and then states' specific case.

During the 2003 NPM adjustment dispute, 22 states settled their dispute. The participating manufacturers agreed to a 54 percent reduction in their annual MSA payments and to additional NPM enforcement obligations. On September 11, 2013, the arbitration panel issued a decision in Washington's favor, unanimously concluding that Washington proved that it diligently enforced the qualifying statute during calendar year 2003 and therefore, for that calendar year, is not subject to an NPM adjustment under the MSA. As a result of that decision, in fiscal year 2014, Washington received approximately \$14 million more than it would have otherwise received.

The 2004 NPM adjustment dispute began shortly after the conclusion of the 2003 dispute. In September 2019, one of the states' three elected arbitration panel members passed away before any decisions were finalized. The states subsequently selected a replacement who reviewed

all filings and transcripts and participated in the panel's decisions.

In September 2021, the panel determined that Washington was not diligent. The panel's ruling resulted in a downward NPM adjustment of approximately \$25 million in Washington's 2023 MSA payment. The adverse decision largely turned on the 2004 panel's different treatment of tribal cigarette sales. The 2003 panel ruling supported Washington's position that cigarette sales by tribes that have compacts with the state are not within its diligent enforcement obligations, but the 2004 panel reached the opposite conclusion. Washington appealed the 2004 panel decision to the King County Superior Court and was able to get the ruling overturned so that it will not have diligent enforcement obligations for compact cigarette sales for all cases going forward. However, even with the correction, the trial court declined to overturn the adverse finding of non-diligence for 2004. The tobacco companies appealed the trial court's ruling, and Washington cross-appealed the refusal of the court to send the case back for reconsideration after correcting the error on tribal compact cigarette sales.

On October 16, 2023, Division I of the Court of Appeals issued a published decision, affirming the trial court's decision. The Court of Appeals rejected the State's cross-appeal seeking to vacate the 2004 panel ruling, but affirmed the declaratory judgment holding that tribal compact cigarette sales are not within its diligent enforcement obligations.

The arbitration panel has convened for the 2005, 2006, and 2007 NPM Adjustment disputes. The common case for those years was completed in July 2022. Washington state's specific hearing took place from April 24, 2023, through May 6, 2023, and is currently awaiting the panel's decision.

D. FEDERAL ASSISTANCE

The state has received federal financial assistance for specific purposes that are generally subject to review or audit by the grantor agencies.

Entitlement to this assistance is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the state.

The state estimates and recognizes claims and judgments liabilities for disallowances when determined by the grantor agency or for probable disallowances based on experience pertaining to these grants; however, these recognized liabilities and any unrecognized disallowances

are considered immaterial to the state's overall financial condition.

E. ARBITRAGE REBATE

Rebatable arbitrage is defined by the Internal Revenue Service Code Section 148 as earnings on investments purchased from the gross proceeds of a bond issue that are in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue.

The rebatable arbitrage must be paid to the federal government. The state estimates that rebatable arbitrage liability, if any, would be immaterial to its overall financial condition.

F. FINANCIAL GUARANTEES

School District Credit Enhancement Program

In accordance with chapter 39.98 RCW (School District Credit Enhancement Program), the state has guaranteed outstanding voter-approved general obligation bonds of school districts within the state in the amount of \$16.5 billion at June 30, 2023. The guarantees extend through the life of the bonds, with a final maturity date of the longest series in 2045.

In the event that a school district has insufficient funds to make a required debt service payment on a guaranteed bond, the state is required to transfer sufficient funds to make the payment. School districts for which the state has made all or part of a debt service payment shall reimburse the state for all money drawn on their behalf, as well as interest and penalties.

G. INTERSTATE-5 BRIDGE (formerly COLUMBIA RIVER) CROSSING

The Washington State Department of Transportation (WSDOT) and the Oregon Department of Transportation (ODOT) worked together, along with federal and local agencies, on the Columbia River Crossing project. The project consisted of a bridge, transit, highway, bicycle, and pedestrian improvement intended to replace the existing two highway spans on Interstate-5 across the Columbia River, along with new interchanges on both the Washington and Oregon sides of the river. It also included extension of light rail public transit into Vancouver, Washington. During fiscal year 2023, the Columbia River Crossing project was renamed to Interstate-5 Bridge Replacement (IBR) project to more accurately reflect the full scope of the project.

In 2014, the IBR project was shut down due to lack of funding by both the Washington and Oregon legislatures. During the project, WSDOT expended approximately

\$54 million in federal funds, of which \$15 million was jointly awarded to Washington and Oregon. Under Federal Highway Administration (FHWA) policy, failure to advance a project to the construction phase within 10 years of the initial obligation of funds could trigger a requirement to repay federal funds used on the project. FHWA granted Washington and Oregon an extension to September 30, 2024.

In 2019, the Washington Legislature provided \$35 million to establish a project office jointly staffed by Washington and Oregon. The funding also covered pre-design activities to replace the Interstate-5 bridge crossing. The Oregon Transportation Commission (OTC) allocated \$9 million as the state's initial contribution to restarting the work. In August 2019, the OTC approved an additional \$4 million to be obligated to the program from the fiscal year 2020 federal redistribution funds.

In April 2020, WSDOT and ODOT signed a funding and administration agreement committing to jointly approve expenditures and equally fund the program. A program administrator was hired in June 2020 to act on behalf of both states.

In August 2020, the OTC approved an additional \$6 million to be obligated to the program from the fiscal year 2021 federal redistribution funds, followed by an additional \$30 million in March 2021. ODOT and WSDOT have initiated program development efforts including re-engaging program partners and stakeholders and resuming bi-state legislative committee engagement.

During fiscal year 2022, the bi-state legislative committee continued to work with WSDOT, ODOT, and their respective transportation commissions on program development for the construction of the new Interstate-5 bridge. The current process allows public participation and provides project development reports and recommendations to the legislatures of Washington and Oregon. The Move Ahead Washington Transportation Package awarded \$1 billion for Washington's share of the funds to complete the program. The fiscal year 2022 supplemental budget also provided an additional \$10 million in planning funds for the remainder of the biennium. Other sources of funding would include a

combination of bi-state funding from federal, state, tolling, and local funds.

The 2023 legislative session allocated \$137.5 million for the 2023-25 biennium as the first portion of the Move Ahead Washington funding and required the program to submit quarterly reports on the status of all agreements related to the shared funding with Oregon. The legislature also authorized tolling on the Interstate-5 bridge.

Funding for the Mill Plain Interchange, which is within the IBR Project area and funded through the Connecting Washington Transportation Package, was rescheduled to begin in fiscal year 2031. The change also increased funding from \$98 million to \$117 million to account for inflation rates.

The Oregon Legislature committed to fund \$1 billion for the IBR project, matching Washington's commitment from the previous year. The funding language was contained in a bill which addressed the overall bonding needs for all Oregon state agencies. The commitment of \$1 billion is in the form of IBR bonds of \$250 million per biennium over the next 4 biennia, to be paid back from the general fund.

With the 2022 and 2023 funding milestones, all non-federal matching funds are in place to begin applying for federal discretionary grants. The project's finance plan identified combined federal grant funding in the likely range of \$1.8 billion to \$2.7 billion from the Bridge Investment Program, Mega Program, and the Federal Transit Administration (FTA) Capital Improvement Grant. The application for the Bridge Investment Program and the Mega Program grants will begin in 2023. The FTA Capital Improvement Grant has a separate and distinct process with multiple phases over several years. The IBR program has already requested entry into the project development phase and will continue to address the requirements of each subsequent phase.

Note 20

Subsequent Events

A. BOND ISSUES

In July 2023, the state issued:

- \$682.6 million in various purpose general obligation bonds to provide funds to pay and reimburse for various state capital projects.
- \$376.6 million in motor vehicle tax and vehicle related fees general obligation bonds to provide funds to pay and reimburse for construction of state and local highway improvements and preservation projects.
- \$55.1 million in taxable general obligation bonds to provide funds to pay and reimburse for various non-transportation capital projects.

In November 2023, the state issued:

- \$289.7 million in general obligation refunding bonds for the purpose of refunding certain various general obligation bonds of the state.

- \$181.8 million in motor vehicle fuel tax and vehicle related fees general obligation refunding bonds for the purpose of refunding certain motor vehicle fuel tax and vehicle related fees obligation bonds of the state.

In August 2023, Washington State University issued \$20.3 million in general revenue refunding bonds to refund and defease a portion of the University's General Revenue and Refunding Bonds, 2013 (the "2013 Bonds"), and to pay the costs of issuing the bonds.

B. CERTIFICATES OF PARTICIPATION

In October 2023, the state issued \$38.7 million in Certificates of Participation.

C. CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT UNEMPLOYMENT COMPENSATION WAIVER

In October 2023, the state submitted requests to the United States Department of Labor to issue blanket authority to waive \$473.3 million of overpayments for CARES Act unemployment compensation programs.

RSI
Required Supplementary Information

State of Washington

BUDGETARY COMPARISON SCHEDULES

General Fund

For the Biennium Ended June 30, 2023

(expressed in thousands)

	Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget
Budgetary Fund Balance, July 1, as restated	\$ 4,853,885	\$ 4,853,885	\$ 4,853,885	\$ —
Resources				
Taxes	58,484,663	63,603,108	59,354,037	(4,249,071)
Licenses, permits, and fees	282,356	300,430	306,026	5,596
Other contracts and grants	1,124,503	1,187,528	792,413	(395,115)
Timber sales	9,136	9,384	9,494	110
Federal grants-in-aid	41,255,447	51,249,888	39,854,450	(11,395,438)
Charges for services	158,919	185,092	128,138	(56,954)
Investment income (loss)	139,611	242,568	274,098	31,530
Miscellaneous revenue	347,865	261,082	323,075	61,993
Unclaimed property	347,795	345,868	335,985	(9,883)
Transfers from other funds	3,138,663	5,481,754	4,819,055	(662,699)
Total Resources	110,142,843	127,720,587	111,050,656	(16,669,931)
Charges To Appropriations				
General government	10,564,536	17,318,980	12,401,593	4,917,387
Human services	48,343,114	54,462,813	51,882,910	2,579,903
Natural resources and recreation	1,236,828	2,597,542	1,619,143	978,399
Transportation	154,608	185,775	156,051	29,724
Education	35,797,863	41,592,628	34,583,987	7,008,641
Capital outlays	2,020,219	3,181,819	726,071	2,455,748
Transfers to other funds	2,205,782	2,352,758	2,559,583	(206,825)
Total Charges To Appropriations	100,322,950	121,692,315	103,929,338	17,762,977
Excess Available For Appropriation Over (Under) Charges To Appropriations	9,819,893	6,028,272	7,121,318	1,093,046
Reconciling Items				
Debt service	—	—	(42)	(42)
Bond sale proceeds	95,714	239,539	318,042	78,503
Issuance premiums	—	—	1,085	1,085
Refunding COPs issued	—	—	4,080	4,080
Assumed reversions	295,743	728,051	—	(728,051)
Working capital adjustment	—	—	38,000	38,000
Noncash activity (net)	—	—	(100,894)	(100,894)
Nonappropriated fund balances	—	—	626,415	626,415
Changes in reserves (net)	—	—	232,854	232,854
Total Reconciling Items	391,457	967,590	1,119,540	151,950
Budgetary Fund Balance, June 30	\$ 10,211,350	\$ 6,995,862	\$ 8,240,858	\$ 1,244,996

The separately submitted report that demonstrates compliance at a legal level of budgetary control is traceable to the Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual found in the Individual Fund Schedules section.

BUDGETARY COMPARISON SCHEDULES

General Fund - Budget to GAAP Reconciliation

For the Biennium Ended June 30, 2023

(expressed in thousands)

Sources/Inflows of Resources

Actual amounts (budgetary basis) "Total Resources"	
from the Budgetary Comparison Schedule	\$ 111,050,656
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(4,819,055)
Budgetary fund balance at the beginning of the biennium, as restated	(4,853,885)
Appropriated loan principal repayment	(137)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash commodities and electronic food stamp benefits	6,134,125
Revenues collected for other governments	317,771
Unanticipated receipts	244,793
Noncash and other revenues	(68,228)
Other	35,603
Biennium total revenues	108,041,642
Fiscal year 2022 total revenues	(53,683,370)
Nonappropriated activity	636,629
Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 54,994,902

Uses/Outflows of Resources

Actual amounts (budgetary basis) "Total Charges to Appropriations"	
from the Budgetary Comparison Schedule	\$ 103,929,338
Differences - budget to GAAP:	
The following items are outflows of budgetary resources but are not expenditures for financial reporting purposes:	
Appropriated transfers to other funds	(9,380,725)
Other transfers to other funds	(2,559,583)
Appropriated loan disbursements	(952)
The following items are not outflows of budgetary resources but are recorded as current expenditures for financial reporting purposes:	
Noncash commodities and electronic food stamp benefits	6,206,937
Distributions to other governments	317,771
Capital asset acquisition by other financing sources	170,307
Expenditures related to unanticipated receipts	244,793
Interest on debt service	42
Other	257,515
Biennium total expenditures	99,185,442
Fiscal year 2022 total expenditures	(48,290,884)
Nonappropriated activity	1,604,861
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$ 52,499,419

State of Washington

BUDGETARY COMPARISON SCHEDULES

Higher Education Special Revenue Fund

For the Biennium Ended June 30, 2023

(expressed in thousands)

	Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget
Budgetary Fund Balance, July 1, as restated	\$ 536,990	\$ 536,990	\$ 536,990	\$ —
Resources				
Taxes	2,457,029	2,796,829	3,365,741	568,912
Licenses, permits, and fees	—	633	—	(633)
Other contracts and grants	—	326	—	(326)
Federal grants-in-aid	—	283,655	—	(283,655)
Charges for services	3,022,017	2,824,566	2	(2,824,564)
Investment income (loss)	5,062	3,808	35,414	31,606
Miscellaneous revenue	4,124	8,319	1	(8,318)
Transfers from other funds	5,014	112,873	27,240	(85,633)
Total Resources	6,030,236	6,567,999	3,965,388	(2,602,611)
Charges To Appropriations				
General government	426	39,862	39,431	431
Human services	44,217	95,929	43,242	52,687
Education	2,448,116	3,334,311	2,612,920	721,391
Transfers to other funds	138,238	178,195	27,240	150,955
Total Charges To Appropriations	2,630,997	3,648,297	2,722,833	925,464
Excess Available For Appropriation Over (Under) Charges To Appropriations	3,399,239	2,919,702	1,242,555	(1,677,147)
Reconciling Items				
Noncash activity (net)	—	—	12,757	12,757
Nonappropriated fund balances	—	—	4,443,643	4,443,643
Changes in reserves (net)	—	—	11,766	11,766
Total Reconciling Items	—	—	4,468,166	4,468,166
Budgetary Fund Balance, June 30	\$ 3,399,239	\$ 2,919,702	\$ 5,710,721	\$ 2,791,019

BUDGETARY COMPARISON SCHEDULES

Higher Education Special Revenue Fund - Budget to GAAP Reconciliation

For the Biennium Ended June 30, 2023

(expressed in thousands)

Sources/Inflows of Resources

Actual amounts (budgetary basis) "Total Resources"	
from the Budgetary Comparison Schedule	\$ 3,965,388
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(27,240)
Budgetary fund balance at the beginning of the biennium, as restated	(536,990)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash revenues	(6,356)
Other	(742)
Biennium total revenues	3,394,060
Fiscal year 2022 total revenues	(8,074,935)
Nonappropriated activity	13,861,158
Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 9,180,283

Uses/Outflows of Resources

Actual amounts (budgetary basis) "Total Charges to Appropriations"	
from the Budgetary Comparison Schedule	\$ 2,722,833
Differences - budget to GAAP:	
The following items are outflows of budgetary resources but are not expenditures for financial reporting purposes:	
Appropriated transfers to other funds	(301,376)
Other transfers to other funds	(27,240)
Capital asset acquisition by other financing sources	140,054
Biennium total expenditures	2,534,271
Fiscal year 2022 total expenditures	(7,036,420)
Nonappropriated activity	13,106,943
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$ 8,604,794

BUDGETARY INFORMATION
Notes to Required Supplementary Information

GENERAL BUDGETARY POLICIES AND PROCEDURES

The Governor is required to submit a budget to the Legislature no later than December 20 of the year preceding odd-numbered year sessions of the Legislature.

The budget is a proposal for expenditures in the ensuing biennial period based upon anticipated revenues from the sources and rates existing by law at the time of submission of the budget. The Governor may additionally submit, as an appendix to the budget, a proposal for expenditures in the ensuing biennium from revenue

sources derived from proposed changes in existing statutes.

The appropriated budget and any necessary supplemental budgets are legally required to be adopted through the passage of appropriation bills by the Legislature and approved by the Governor. Operating appropriations are generally made at the fund/account and agency level; however, in a few cases, appropriations are made at the fund/account and agency/program level. Operating appropriations cover either the entire biennium or a single fiscal year in the biennium. Capital appropriations are biennial and are generally made at the fund/account, agency, and project level.

The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail

in certain instances. The accompanying budgetary schedule is not presented at the legal level of budgetary control. This is due to the large number of appropriations within individual agencies that would make such a presentation in the accompanying financial schedule extremely cumbersome. Section 2400.121 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards provides for the preparation of a separate report in these extreme cases.

For the state of Washington, a separate report has been prepared for the 2021-2023 biennium to illustrate legal budgetary compliance. Appropriated budget versus actual expenditures and estimated versus actual revenues and other financing sources (uses) for appropriated funds/accounts at agency and appropriation level are presented in the Budget-to-Actual Detail Report for governmental funds. The report is available online at Washington State Budget to Actual Detail Report.

Legislative appropriations are strict legal limits on expenditures; over-expenditures are prohibited. All appropriated and certain nonappropriated funds/accounts are further controlled by the executive branch through the allotment process. This process allocates the expenditure plan into monthly allotments by program, source of funds, and object of expenditure. State law does not preclude the over-expenditure of allotments.

Proprietary funds/accounts can earn revenues and incur expenses (i.e., depreciation or cost of goods sold) not covered by the allotment process. Budget estimates are generally made outside the allotment process according to prepared business plans. These proprietary fund/account business plan estimates are adjusted only at the beginning of each fiscal year.

Additional fiscal control is exercised through various means. The Office of Financial Management is authorized to estimate revenue and make expenditure allotments based on availability of unanticipated receipts, mainly federal government grant increases made during a fiscal year.

Operating encumbrances lapse at the end of the applicable appropriation. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. Encumbrances outstanding against continuing appropriations at fiscal year-end are reported as restricted, committed, or assigned fund balance.

Budgetary Reporting vs. GAAP Reporting

Governmental funds are budgeted materially in conformance with generally accepted accounting principles.

However, the presentation in the accompanying budgetary schedules is different in certain respects from the corresponding Statements of Revenues, Expenditures, and Changes in Fund Balance (governmental operating statement).

In the accompanying budgetary schedules, budget and actual expenditures are reported only for appropriated activities. Expenditures are classified based on whether the appropriation is from the operating or capital budget. Expenditures funded by operating budget appropriations are reported as current expenditures classified by the function of the agency receiving the appropriation. Expenditures funded by capital budget appropriations are reported as capital outlays.

However, in the governmental operating statements, all governmental funds are included and expenditures are classified according to what was actually purchased. Capital outlays are capital asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures.

Certain governmental activities are excluded from the budgetary schedules because they are not appropriated. These include activities designated as nonappropriated by the Legislature. Nonappropriated activities can represent a portion of a fund such as the Higher Education Special Revenue Fund or all of a fund such as the Higher Education Endowment and Tobacco Settlement Securitization Bond Debt Service Funds. Additionally, certain items including federal surplus food commodities, electronic food stamp benefits, and resources collected and distributed to other governments are also excluded because they are not appropriated.

Further, certain expenditures are appropriated as operating transfers. These transfers are reported as operating transfers on the budgetary schedules and as expenditures on the governmental operating statements.

In the General Fund, Budgetary Fund Balance equals restricted fund balance reduced by a portion that is not available for budgeting, committed, and unassigned fund balances as reported on the Governmental Funds Balance Sheet. In the Higher Education Special Revenue Fund, Budgetary Fund Balance equals the sum of restricted and committed fund balance as reported on the Governmental Funds Balance Sheet. In all other funds except Wildlife and Natural Resources, Budgetary Fund Balance equals total fund balance less nonspendable fund balance as reported on the Governmental Funds Balance Sheet. The Budgetary Fund Balance in the Wildlife and Natural Resources fund is further reduced by a portion of restricted fund balance that is not available for budgeting.

State of Washington

PENSION PLAN INFORMATION
Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios
Washington State Patrol Retirement System - Plan 1/2

Last Ten Measurement Years

(expressed in thousands)

	2022	2021	2020
Total Pension Liability			
Service cost	\$ 23,826	\$ 23,462	\$ 23,091
Interest	109,690	105,943	100,877
Changes of benefit terms	—	—	2,400
Differences Between Expected and Actual Experience	27,795	(2,368)	11,919
Changes of Assumptions	98,031	—	581
Benefit payments, including refunds of member contributions	(80,893)	(72,786)	(68,838)
Net Change in Total Pension Liability	178,449	54,251	70,030
Total Pension Liability--Beginning	1,498,199	1,443,948	1,373,918
Total Pension Liability--Ending	\$ 1,676,648	\$ 1,498,199	\$ 1,443,948
Plan Fiduciary Net Position			
Contributions--employer	\$ 19,284	\$ 20,882	\$ 19,897
Contributions--employee	11,872	12,189	10,630
Net Investment Income	3,811	429,171	60,358
Benefit Payments, Including Refunds of Member Contributions	(80,893)	(72,786)	(68,838)
Administrative Expense	(49)	(123)	(96)
Other	696	491	808
Net Change in Plan Fiduciary Net Position	(45,279)	389,824	22,759
Plan Fiduciary Net Position--Beginning	1,774,864	1,385,040	1,362,281
Plan Fiduciary Net Position--Ending	\$ 1,729,585	\$ 1,774,864	\$ 1,385,040
State's Net Pension Liability/(Asset)--Ending	\$ (52,937)	\$ (276,665)	\$ 58,908
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	103.16 %	118.47 %	95.92 %
Covered Payroll	\$ 109,751	\$ 118,448	\$ 113,704
State's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-48.23 %	-233.58 %	51.81 %

N/A indicates not available.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary.

State of Washington

	2019	2018	2017	2016	2015	2014	2013
\$	22,671	\$ 21,083	\$ 18,474	\$ 16,534	\$ 16,633	\$ 18,041	N/A
	96,629	94,569	90,560	83,373	80,037	75,249	N/A
	—	—	4,830	1,947	2,258	—	N/A
	4,254	13,974	23,702	(10,431)	8,883	—	N/A
	—	(24,367)	20,921	2	17	—	N/A
	(64,370)	(59,634)	(56,821)	(54,159)	(50,075)	(47,510)	N/A
	59,184	45,625	101,666	37,266	57,753	45,780	N/A
	1,314,734	1,269,109	1,167,443	1,130,177	1,072,424	1,026,644	N/A
\$	1,373,918	\$ 1,314,734	\$ 1,269,109	\$ 1,167,443	\$ 1,130,177	\$ 1,072,424	\$ 1,026,644
\$	14,700	\$ 14,203	\$ 7,587	\$ 7,044	\$ 6,679	\$ 6,587	N/A
	10,744	9,922	10,454	8,895	6,323	6,555	N/A
	111,123	113,597	151,021	25,352	49,046	176,856	N/A
	(64,370)	(59,634)	(56,821)	(54,159)	(50,075)	(47,510)	N/A
	(131)	(131)	(53)	(60)	(67)	(84)	N/A
	769	650	524	429	293	509	N/A
	72,835	78,607	112,712	(12,499)	12,199	142,913	N/A
	1,289,446	1,210,839	1,098,127	1,110,626	1,098,427	955,514	N/A
\$	1,362,281	\$ 1,289,446	\$ 1,210,839	\$ 1,098,127	\$ 1,110,626	\$ 1,098,427	\$ 955,514
\$	11,637	\$ 25,288	\$ 58,270	\$ 69,316	\$ 19,551	\$ (26,003)	\$ 71,130
	99.15 %	98.08 %	95.41 %	94.06 %	98.27 %	102.42 %	93.07 %
\$	111,612	\$ 109,243	\$ 93,053	\$ 86,660	\$ 84,388	\$ 85,046	\$ 81,895
	10.43 %	23.15 %	62.62 %	79.99 %	23.17 %	-30.58 %	86.86 %

PENSION PLAN INFORMATION

Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Judicial Retirement System

Last Ten Measurement Years

(expressed in thousands)

	2022	2021	2020
Total Pension Liability			
Service cost	\$ —	\$ —	\$ —
Interest	1,447	1,621	2,634
Changes of benefit terms	—	—	—
Differences between expected and actual experience	1,942	1,237	(447)
Changes in assumptions	(6,860)	(1,931)	3,675
Benefit payments, including refunds of employee contributions	(7,053)	(7,553)	(7,921)
Net Change in Total Pension Liability	(10,524)	(6,626)	(2,059)
Total Pension Liability--Beginning	70,493	77,119	79,178
Total Pension Liability--Ending	\$ 59,969	\$ 70,493	\$ 77,119
Plan Fiduciary Net Position			
Contributions--employer	\$ 7,100	\$ 7,600	\$ 7,800
Contributions--employee	—	—	—
Net investment income	49	79	155
Benefit payments, including refunds of employee contributions	(7,053)	(7,553)	(7,921)
Administrative expense	(4)	—	—
Net Change in Plan Fiduciary Net Position	92	126	34
Plan Fiduciary Net Position--Beginning	8,620	8,494	8,460
Plan Fiduciary Net Position--Ending	\$ 8,712	\$ 8,620	\$ 8,494
State's Net Pension Liability/(Asset)--Ending	\$ 51,257	\$ 61,873	\$ 68,625
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	14.53 %	12.23 %	11.01 %
Covered Payroll ⁽¹⁾	N/A	N/A	N/A
State's Net Pension Liability/(Asset) as a Percentage of Covered Payroll ⁽¹⁾	N/A	N/A	N/A

N/A indicates data not applicable.

1. Covered payroll is not applicable because there are no active plan employees beginning in 2014.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2019	2018	2017	2016	2015	2014	2013
\$	—	\$ —	\$ —	\$ —	\$ —	\$ —	N/A
	3,078	3,200	2,874	3,704	4,382	4,319	N/A
	—	—	—	—	—	—	N/A
	(1,793)	(2,844)	1,047	20	1,590	—	N/A
	2,372	(2,063)	(6,329)	8,737	4,335	—	N/A
	(7,958)	(8,325)	(8,723)	(9,131)	(9,336)	(9,480)	N/A
	(4,301)	(10,032)	(11,131)	3,330	971	(5,161)	N/A
	83,479	93,511	104,642	101,312	100,341	105,502	N/A
\$	79,178	\$ 83,479	\$ 93,511	\$ 104,642	\$ 101,312	\$ 100,341	\$ 105,502
\$	8,400	\$ 8,700	\$ 9,300	\$ 9,500	\$ 10,600	\$ 10,600	N/A
	—	—	—	—	—	—	N/A
	166	80	45	74	38	25	N/A
	(7,958)	(8,325)	(8,723)	(9,131)	(9,336)	(9,480)	N/A
	—	—	—	(1)	—	—	N/A
	608	455	622	442	1,302	1,145	N/A
	7,852	7,397	6,775	6,333	5,031	3,886	N/A
\$	8,460	\$ 7,852	\$ 7,397	\$ 6,775	\$ 6,333	\$ 5,031	\$ 3,886
\$	70,718	\$ 75,627	\$ 86,114	\$ 97,867	\$ 94,979	\$ 95,310	\$ 101,616
	10.68 %	9.41 %	7.91 %	6.47 %	6.25 %	5.01 %	3.68 %
	N/A	N/A	N/A	N/A	N/A	N/A	\$ 160
	N/A	N/A	N/A	N/A	N/A	N/A	635.10 %

PENSION PLAN INFORMATION

Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Judges' Retirement Fund

Last Ten Measurement Years

(expressed in thousands)

	2022	2021	2020
Total Pension Liability			
Service cost	\$ —	\$ —	\$ —
Interest	28	40	80
Changes of benefit terms	—	—	—
Differences between expected and actual experience	156	(322)	(315)
Changes of assumptions	(93)	4	12
Benefit payments, including refunds of member contributions	(247)	(257)	(265)
Net Change in Total Pension Liability	(156)	(535)	(488)
Total Pension Liability--Beginning	1,404	1,939	2,427
Total Pension Liability--Ending	\$ 1,248	\$ 1,404	\$ 1,939
Plan Fiduciary Net Position			
Contributions--state	\$ 300	\$ 400	\$ 400
Contributions--member	—	—	—
Net investment income	6	11	18
Benefit payments, including refunds of member contributions	(247)	(257)	(265)
Administrative expense	—	—	—
Net Change in Plan Fiduciary Net Position	59	154	153
Plan Fiduciary Net Position--Beginning	1,281	1,127	974
Plan Fiduciary Net Position--Ending	\$ 1,340	\$ 1,281	\$ 1,127
Plan's Net Pension Liability/(Asset)--Ending	\$ (92)	\$ 123	\$ 812
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	107.37 %	91.24 %	58.12 %
Covered Payroll ⁽¹⁾	N/A	N/A	N/A
State's Net Pension Liability/(Asset) as a Percentage of Covered Payroll ⁽¹⁾	N/A	N/A	N/A

N/A indicates data not applicable.

1. Covered payroll is not applicable because there are no active plan employees.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2019	2018	2017	2016	2015	2014	2013
\$	—	\$ —	\$ —	\$ —	\$ —	\$ —	N/A
	89	95	88	116	138	137	N/A
	—	—	—	—	—	—	N/A
	161	(39)	194	123	182	—	N/A
	50	(43)	(129)	181	95	—	N/A
	(338)	(396)	(402)	(440)	(444)	(444)	N/A
	(38)	(383)	(249)	(20)	(29)	(307)	N/A
	2,465	2,848	3,097	3,117	3,146	3,453	N/A
\$	2,427	\$ 2,465	\$ 2,848	\$ 3,097	\$ 3,117	\$ 3,146	\$ 3,453
\$	500	\$ 500	\$ 499	\$ 501	\$ —	\$ —	N/A
	—	—	—	—	—	—	N/A
	17	8	4	6	4	7	N/A
	(338)	(396)	(402)	(440)	(444)	(444)	N/A
	—	—	—	—	—	—	N/A
	179	112	101	67	(440)	(437)	N/A
	795	683	582	515	955	1,392	N/A
\$	974	\$ 795	\$ 683	\$ 582	\$ 515	\$ 955	\$ 1,392
\$	1,453	\$ 1,670	\$ 2,165	\$ 2,515	\$ 2,602	\$ 2,191	\$ 2,061
	40.13 %	32.25 %	23.98 %	18.79 %	16.52 %	30.36 %	40.31 %
	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A	N/A

State of Washington

PENSION PLAN INFORMATION

Single Employer Plans

Schedule of Contributions

Washington State Patrol Retirement System - Plan 1/2

Last Ten Fiscal Years

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 21,918	\$ 20,862	\$ 1,056	\$ 118,031	17.68 %
2022	20,271	19,284	987	109,751	17.57 %
2021	26,401	20,882	5,519	118,448	17.63 %
2020	25,167	19,897	5,270	113,704	17.50 %
2019	17,020	14,700	2,320	111,612	13.17 %
2018	16,648	14,203	2,445	109,243	13.00 %
2017	8,179	7,587	592	93,053	8.15 %
2016	7,618	7,044	574	86,660	8.13 %
2015	6,810	6,679	131	84,388	7.91 %
2014	6,677	6,587	90	85,046	7.75 %

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Judicial Retirement System

Last Ten Fiscal Years

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 6,457	\$ 6,700	\$ (243)	—	N/A
2022	6,923	7,100	(177)	—	N/A
2021	7,505	7,600	(95)	—	N/A
2020	7,643	7,800	(157)	—	N/A
2019	7,914	8,400	(486)	—	N/A
2018	8,317	8,700	(383)	—	N/A
2017	8,761	9,300	(539)	—	N/A
2016	8,999	9,500	(501)	—	N/A
2015	9,132	10,600	(1,468)	—	N/A
2014	9,205	10,600	(1,395)	—	N/A

N/A indicates data not applicable. There are no active members.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Single Employer Plans

Schedule of Contributions

Judges' Retirement Fund

Last Ten Fiscal Years

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 246	\$ 300	\$ (54)	—	N/A
2022	257	300	(43)	—	N/A
2021	257	400	(143)	—	N/A
2020	328	400	(72)	—	N/A
2019	395	500	(105)	—	N/A
2018	395	500	(105)	—	N/A
2017	439	499	(60)	—	N/A
2016	444	501	(57)	—	N/A
2015	539	—	539	—	N/A
2014	425	—	425	—	N/A

N/A indicates data not applicable. There are no active members.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 1**

Last Nine Measurement Years *
(expressed in thousands)

	2022	2021	2020
State PERS Plan 1 employers' proportion of the net pension liability/ (asset)	42.18 %	43.35 %	42.07 %
State PERS Plan 1 employers' proportionate share of the net pension liability/(asset)	\$ 1,174,475	\$ 529,443	\$ 1,485,148
Covered payroll of employees participating in PERS Plan 1	\$ 26,772	\$ 35,118	\$ 43,909
Covered payroll of employees participating in PERS Plan 2/3	6,359,603	6,151,714	5,902,886
Covered payroll of employees participating in PSERS Plan 2	443,145	450,362	384,394
Covered Payroll	\$ 6,829,520	\$ 6,637,194	\$ 6,331,190
State PERS Plan 1 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	17.20 %	7.98 %	23.46 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	76.56 %	88.74 %	68.64 %

* This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 2/3**

Last Nine Measurement Years *
(expressed in thousands)

	2022	2021	2020
State PERS Plan 2/3 employers' proportion of the net pension liability/(asset)	50.99 %	51.25 %	50.58 %
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset)	\$ (1,891,211)	\$ (5,105,303)	\$ 646,953
State PERS Plan 2/3 employers' covered payroll	\$ 6,359,603	\$ 6,151,714	\$ 5,902,886
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-29.74 %	-82.99 %	10.96 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	106.73%	120.29%	97.22 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

	2019		2018		2017		2016		2015		2014
	41.80 %		41.97 %		41.88 %		41.99 %		41.57 %		42.37 %
\$	1,607,475	\$	1,874,226	\$	1,987,268	\$	2,255,244	\$	2,174,623	\$	2,134,189
\$	54,779	\$	69,330	\$	85,341	\$	103,235	\$	120,686	\$	143,836
	5,469,217		5,237,495		4,928,806		4,648,843		4,363,171		4,215,934
	321,991		198,511		175,395		155,768		140,977		130,172
\$	5,845,987	\$	5,505,336	\$	5,189,542	\$	4,907,846	\$	4,624,834	\$	4,489,942
	27.50 %		34.04 %		38.29 %		45.95 %		47.02 %		47.53 %
	67.12 %		63.22 %		61.24 %		57.03 %		59.10 %		61.19 %

	2019		2018		2017		2016		2015		2014
	50.50 %		50.41 %		50.20 %		49.72 %		49.10 %		49.27 %
\$	490,544	\$	860,776	\$	1,744,067	\$	2,503,313	\$	1,754,418	\$	995,856
\$	5,469,217	\$	5,237,495	\$	4,928,806	\$	4,648,843	\$	4,363,171	\$	4,215,934
	8.97 %		16.43 %		35.39 %		53.85 %		40.21 %		23.62 %
	97.77 %		95.77 %		90.97 %		85.82 %		89.20 %		93.29 %

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Teachers' Retirement System (TRS) Plan 1**

Last Nine Measurement Years *
(expressed in thousands)

	2022	2021	2020
State TRS Plan 1 employers' proportion of the net pension liability/ (asset)	1.31 %	1.31 %	1.18 %
State TRS Plan 1 employers' proportionate share of the net pension liability/(asset)	\$ 24,942	\$ 8,798	\$ 28,507
Covered payroll of employees participating in TRS Plan 1	\$ 713	\$ 1,330	\$ 1,431
Covered payroll of employees participating in TRS Plan 2/3	101,014	95,486	83,176
Covered Payroll	\$ 101,728	\$ 96,817	\$ 84,606
State TRS Plan 1 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	24.52 %	9.09 %	33.69 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	78.24 %	91.42 %	70.55 %

* This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Teachers' Retirement System (TRS) Plan 2/3**

Last Nine Measurement Years *
(expressed in thousands)

	2022	2021	2020
State TRS Plan 2/3 employers' proportion of the net pension liability/ (asset)	1.31 %	1.28 %	1.16 %
State TRS Plan 2/3 employers' proportionate share of the net pension liability/(asset)	\$ (2,577)	\$ (35,165)	\$ 17,767
State TRS Plan 2/3 employers' covered payroll	\$ 101,014	\$ 95,486	\$ 83,176
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-2.55 %	-36.83 %	21.36 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	100.86 %	113.72 %	91.72 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

	2019		2018		2017		2016		2015		2014
	1.09 %		1.10 %		1.03 %		0.97 %		0.86 %		0.78 %
\$	27,102	\$	32,177	\$	31,172	\$	33,026	\$	27,186	\$	22,924
\$	1,557	\$	1,893	\$	2,475	\$	5,735	\$	3,913	\$	4,611
	43,082		61,292		52,534		41,803		33,705		25,673
\$	44,639	\$	63,185	\$	55,009	\$	47,538	\$	37,618	\$	30,284
	60.71 %		50.93 %		56.67 %		69.47 %		72.27 %		75.70 %
	70.37 %		66.52 %		65.58 %		62.07 %		65.70 %		68.77 %

	2019		2018		2017		2016		2015		2014
	1.06 %		1.06 %		0.96 %		0.87 %		0.72 %		0.59 %
\$	6,389	\$	4,757	\$	8,873	\$	11,896	\$	6,107	\$	1,913
\$	43,082	\$	61,292	\$	52,534	\$	41,803	\$	33,705	\$	25,673
	14.83 %		7.76 %		16.89 %		28.46 %		18.12 %		7.45 %
	96.36 %		96.88 %		93.14 %		88.72 %		92.48 %		96.81 %

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Safety Employees' Retirement System (PSERS) Plan 2**

Last Nine Measurement Years *

(expressed in thousands)

	2022	2021	2020
State PSERS Plan 2 employers' proportion of the net pension liability/ (asset)	65.55 %	66.58 %	62.26 %
State PSERS Plan 2 employers' proportionate share of the net pension liability / (asset)	\$ (46,868)	\$ (152,955)	\$ (8,567)
State PSERS Plan 2 employers' covered payroll	\$ 443,145	\$ 450,362	\$ 384,394
State PSERS Plan 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-10.58 %	-33.96 %	-2.23 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	105.96 %	123.67 %	101.68 %

* This schedule is to be built prospectively until it contains ten years of data.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plan 1**

Last Nine Measurement Years *

(expressed in thousands)

	2022	2021	2020
State's nonemployer proportion of the net pension liability/(asset)	87.12 %	87.12 %	87.12 %
State as nonemployer contributing entity proportionate share of the net pension liability/(asset)	\$ (2,499,136)	\$ (2,984,350)	\$ (1,645,269)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	169.62 %	187.45 %	146.88 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

	2019		2018		2017		2016		2015		2014
	54.61 %		50.48 %		49.14 %		47.97 %		47.93 %		48.26 %
\$	(7,101)	\$	625	\$	9,628	\$	20,386	\$	8,748	\$	(6,988)
\$	321,991	\$	198,511	\$	175,395	\$	155,768	\$	140,977	\$	130,172
	-2.21 %		0.32 %		5.49 %		13.09 %		6.21 %		-5.37 %
	101.85 %		99.79 %		96.26 %		90.41 %		95.08 %		105.01 %

	2019		2018		2017		2016		2015		2014
	87.12 %		87.12 %		87.12 %		87.12 %		87.12 %		87.12 %
\$	(1,722,024)	\$	(1,581,665)	\$	(1,321,802)	\$	(897,585)	\$	(1,049,988)	\$	(1,056,583)
	148.78 %		144.42 %		135.96 %		123.74 %		127.36 %		126.91 %

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plan 2**

Last Nine Measurement Years *

(expressed in thousands)

	2022	2021	2020
State LEOFF Plan 2 employers' proportion of the net pension liability/ (asset)	0.75 %	0.80 %	0.88 %
State as nonemployer contributing entity proportion of the net pension liability/(asset)	39.31 %	39.21 %	39.00 %
State LEOFF Plan 2 employers' proportionate share of the net pension liability/(asset)	\$ (20,285)	\$ (46,684)	\$ (17,948)
State as nonemployer contributing entity total proportionate share of the net pension liability/(asset)	(1,068,387)	(2,277,698)	(795,604)
Total	\$ (1,088,673)	\$ (2,324,381)	\$ (813,552)
State LEOFF Plan 2 employers' covered payroll	\$ 23,244	\$ 22,917	\$ 25,410
State LEOFF Plan 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-87.27 %	-203.70 %	-70.63 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	116.09 %	142.00 %	115.83 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

2019	2018	2017	2016	2015	2014
0.90 %	0.87 %	0.85 %	0.88 %	0.83 %	0.84 %
39.57 %	39.30 %	39.35 %	39.46 %	39.80 %	39.52 %
\$ (20,782)	\$ (17,707)	\$ (11,823)	\$ (5,113)	\$ (8,580)	\$ (11,164)
(916,765)	(797,902)	(545,988)	(229,538)	(409,091)	(524,419)
\$ (937,547)	\$ (815,609)	\$ (557,811)	\$ (234,651)	\$ (417,671)	\$ (535,583)
\$ 23,388	\$ 21,892	\$ 20,396	\$ 19,828	\$ 18,744	\$ 18,259
-88.86 %	-80.88 %	-57.97 %	-25.79 %	-45.77 %	-61.14 %
119.43 %	118.50 %	113.36 %	106.04 %	111.67 %	116.75 %

State of Washington

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Contributions

Public Employees' Retirement System (PERS) Plan 1

Fiscal Year Ended June 30

(dollars in thousands)

	2023	2022	2021
Contractually required contributions (CRC)	\$ 290,737	\$ 258,512	\$ 322,931
Employer contributions related to covered payroll of employees participating in PERS Plan 1	\$ 2,197	\$ 2,779	\$ 4,562
Employer UAAL contributions related to covered payroll of employees participating in PERS Plan 2/3 and PSERS Plan 2	288,540	255,733	318,369
Contributions in relation to the actuarially determined contributions	290,737	258,512	322,931
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered payroll of employees participating in PERS Plan 1	\$ 22,277	\$ 26,772	\$ 35,118
Covered payroll of employees participating in PERS Plan 2/3	6,895,688	6,359,603	6,151,714
Covered payroll of employees participating in PSERS Plan 2	512,586	443,145	450,362
Covered Payroll	\$ 7,430,551	\$ 6,829,520	\$ 6,637,194
Contributions as a percentage of covered payroll	3.91 %	3.79 %	4.87 %

Note: Covered payroll data for prior years may be revised due to reporting lags.

Schedule of Contributions

Public Employees' Retirement System (PERS) Plan 2/3

Fiscal Year Ended June 30

(dollars in thousands)

	2023	2022	2021
Contractually Required Contributions	\$ 449,410	\$ 409,661	\$ 485,475
Contributions in relation to the contractually required contributions	449,410	409,661	485,475
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 6,895,688	\$ 6,359,603	\$ 6,151,714
Contributions as a percentage of covered payroll	6.52 %	6.44 %	7.89 %

Note: Covered payroll data for prior years may be revised due to reporting lags.

State of Washington

	2020	2019	2018	2017	2016	2015	2014
\$	304,870	\$ 299,745	\$ 280,513	\$ 251,924	\$ 238,158	\$ 191,618	\$ 188,639
\$	5,665	\$ 7,092	\$ 8,769	\$ 9,537	\$ 11,385	\$ 11,072	\$ 12,964
	299,205	292,653	271,744	242,387	226,773	180,546	175,675
	304,870	299,745	280,513	251,924	238,158	191,618	188,639
\$	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$	43,909	\$ 54,779	\$ 69,330	\$ 85,341	\$ 103,235	\$ 120,686	\$ 143,836
	5,902,886	5,469,217	5,237,495	4,928,806	4,648,843	4,363,171	4,215,935
	384,394	321,991	198,511	175,395	155,768	140,977	130,172
\$	6,331,189	\$ 5,845,987	\$ 5,505,336	\$ 5,189,542	\$ 4,907,846	\$ 4,624,834	\$ 4,489,943
	4.82 %	5.13 %	5.10 %	4.85 %	4.85 %	4.14 %	4.20 %

	2020	2019	2018	2017	2016	2015	2014
\$	466,005	\$ 412,466	\$ 389,001	\$ 306,591	\$ 287,049	\$ 219,395	\$ 209,455
	466,005	412,466	389,001	306,591	287,049	219,395	209,455
\$	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$	5,902,886	\$ 5,469,217	\$ 5,237,495	\$ 4,928,806	\$ 4,648,843	\$ 4,363,171	\$ 4,215,935
	7.89 %	7.54 %	7.43 %	6.22 %	6.17 %	5.03 %	4.97 %

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Contributions

Teachers' Retirement System (TRS) Plan 1

Fiscal Year Ended June 30

(dollars in thousands)

	2023	2022	2021
Contractually required contributions	\$ 7,797	\$ 6,730	\$ 7,182
Employer contributions related to covered payroll of employees participating in TRS Plan 1	\$ 110	\$ 104	\$ 176
Employer UAAL contributions related to covered payroll of employees participating in TRS Plan 2/3	7,687	6,626	7,006
Contributions in relation to the actuarially determined contributions	7,797	6,730	7,182
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered payroll of employees participating in TRS Plan 1	\$ 770	\$ 713	\$ 1,330
Covered payroll of employees participating in TRS Plan 2/3	104,797	101,014	95,486
Covered Payroll	\$ 105,567	\$ 101,727	\$ 96,816
Contributions as a percentage of covered payroll	7.39 %	6.62 %	7.42 %

Note: Covered payroll data for prior years may be revised due to reporting lags.

Schedule of Contributions

Teachers' Retirement System (TRS) Plan 2/3

Fiscal Year Ended June 30

(dollars in thousands)

	2023	2022	2021
Contractually required contributions	\$ 9,633	\$ 8,377	\$ 7,742
Contributions in relation to the contractually required contributions	9,633	8,377	7,742
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 104,797	\$ 101,014	\$ 95,486
Contributions as a percentage of covered payroll	9.19 %	8.29 %	8.11 %

Note: Covered payroll data for prior years may be revised due to reporting lags.

State of Washington

	2020	2019	2018	2017	2016	2015	2014
\$	6,215	\$ 5,436	\$ 4,582	\$ 3,608	\$ 2,940	\$ 1,920	\$ 1,537
\$	225	\$ 241	\$ 272	\$ 326	\$ 369	\$ 388	\$ 451
	5,990	5,195	4,310	3,282	2,571	1,532	1,086
	6,215	5,436	4,582	3,608	2,940	1,920	1,537
\$	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$	1,431	\$ 1,557	\$ 1,893	\$ 2,475	\$ 5,735	\$ 3,913	\$ 4,611
	83,176	43,082	61,292	52,534	41,803	33,705	25,673
\$	84,607	\$ 44,639	\$ 63,185	\$ 55,009	\$ 47,538	\$ 37,618	\$ 30,284
	7.35 %	12.18 %	7.25 %	6.56 %	6.18 %	5.10 %	5.08 %

	2020	2019	2018	2017	2016	2015	2014
\$	6,730	\$ 5,542	\$ 4,699	\$ 3,542	\$ 2,827	\$ 1,924	\$ 1,454
	6,730	5,542	4,699	3,542	2,827	1,924	1,454
\$	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$	83,176	\$ 43,082	\$ 61,292	\$ 52,534	\$ 41,803	\$ 33,705	\$ 25,673
	8.09 %	12.86 %	7.67 %	6.74 %	6.76 %	5.71 %	5.66 %

State of Washington

PENSION PLAN INFORMATION

Cost sharing Employer Plans

Schedule of Contributions

Public Safety Employees' Retirement System (PSERS) Plan 2

Fiscal Year Ended June 30

(dollars in thousands)

	2023	2022	2021
Contractually Required Contributions	\$ 33,198	\$ 29,000	\$ 32,495
Contributions in relation to the contractually required contributions	33,198	29,000	32,495
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 512,586	\$ 443,145	\$ 450,362
Contributions as a percentage of covered payroll	6.48 %	6.54 %	7.22 %

Schedule of Contributions

Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plan 2

Fiscal Year Ended June 30

(dollars in thousands)

	2023	2022	2021
Contractually Required Contributions	\$ 1,635	\$ 1,545	\$ 1,602
Contributions in relation to the contractually required contributions	1,635	1,545	1,602
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 26,479	\$ 23,244	\$ 22,917
Contributions as a percentage of covered payroll	6.17 %	6.65 %	6.99 %

Note: Covered payroll data for prior years may be revised due to reporting lags.

State of Washington

2020		2019		2018		2017		2016		2015		2014	
\$	27,498	\$	17,602	\$	13,330	\$	11,465	\$	10,233	\$	8,932	\$	8,100
	27,498		17,602		13,330		11,465		10,233		8,932		8,100
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
\$	384,394	\$	321,991	\$	198,511	\$	175,395	\$	155,768	\$	140,977	\$	130,172
	7.15 %		5.47 %		6.72 %		6.54 %		6.57 %		6.34 %		6.22 %

2020		2019		2018		2017		2016		2015		2014	
\$	1,721	\$	1,654	\$	1,512	\$	1,346	\$	1,345	\$	1,224	\$	1,184
	1,721		1,654		1,512		1,346		1,345		1,224		1,184
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
\$	25,410	\$	23,388	\$	21,892	\$	20,396	\$	19,828	\$	18,744	\$	18,259
	6.77 %		7.07%		6.91%		6.60%		6.78%		6.53%		6.48%

PENSION PLAN INFORMATION
Notes to Required Supplementary Information

Methods and assumptions used in calculations of Actuarially Determined Contributions for PERS, TRS, PSERS, LEOFF, and WSPRS. The Office of the State Actuary (OSA) calculates the Actuarially Determined Contributions (ADC) based on the results of an actuarial valuation consistent with the state's funding policy defined under chapter 41.45 of the Revised Code of Washington (RCW). Consistent with the state's contribution rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. The actuarial valuation with a June 30, 2019, valuation date, completed in the fall of 2020, plus any supplemental contribution rates from the preceding legislative sessions, determines the ADC for the period beginning July 1, 2021, and ending June 30, 2023.

Methods and assumptions used in calculations of the ADC for the Judicial Retirement System and the Judges Retirement Fund. The OSA calculates the ADC based on the results of an actuarial valuation, and sets the ADC equal to the expected benefit payments from the plan. Consistent with the state's funding policy defined under RCW 2.10.90 and 2.12.60, the Legislature makes biennial appropriations in order to ensure the fund is solvent to make the necessary benefit payments.

Additional consideration on ADC for all plans. OSA calculates the ADC consistent with the methods described above. Adopted contribution rates may be different pending the actions of the governing bodies.

Contractually Required Contributions for PERS, TRS, PSERS, and LEOFF. For cost-sharing plans, OSA calculates the Contractually Required Contributions (CRC) using the same assumptions and methods as the ADC except the CRC reflects the adopted contribution rates for the time period shown, which may differ from the contribution rates produced for the ADC.

The Department of Retirement Systems prepares a stand-alone financial report that is compliant with the requirements of GASB Statement No. 67. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, WA 98504-8380 or online at: [DRS Annual Financial Reports](#).

PENSION PLAN INFORMATION

Volunteer Firefighters' and Reserve Officers' Relief and Pension Fund

Schedule of Contributions

Last Ten Fiscal Years
(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)
2023	\$ 969	\$ 4,758	\$ (3,789)
2022	1,010	7,450	(6,440)
2021	909	8,470	(7,561)
2020	900	8,967	(8,067)
2019	926	8,436	(7,510)
2018	3,523	8,050	(4,527)
2017	4,528	7,494	(2,966)
2016	6,846	8,153	(1,307)
2015	6,653	6,816	(163)
2014	6,421	7,336	(915)

Notes: Neither covered payroll nor contributions as a percentage of covered payroll are applicable. This is a volunteer organization.

Beginning in 2017, the methodology for determining the Actuarially Determined Contributions was revised to reflect the timing of the contributions based upon the Board for Volunteer Firefighters' adoption cycle and the actuarial funding methods selected.

Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Investment Returns

Last Ten Fiscal Years

Year	Annual money-weighted rate of return, net of investment expense
2023	12.10 %
2022	-16.02 %
2021	3.11 %
2020	4.40 %
2019	8.23 %
2018	8.84 %
2017	13.26 %
2016	2.19 %
2015	4.05 %
2014	18.50 %

State of Washington

PENSION PLAN INFORMATION

Volunteer Firefighters' and Reserve Officers' Relief and Pension Fund

Schedule of Change in Net Pension Liability

Last Ten Fiscal Years
(expressed in thousands)

	2023	2022	2021
Total Pension Liability			
Service cost	\$ 891	\$ 928	\$ 819
Interest	14,620	14,456	15,728
Changes of benefit terms	—	—	—
Differences between expected and actual experience	5,343	—	(4,495)
Changes in assumptions	—	—	16,726
Benefit payments, including refunds of member contributions	(12,647)	(12,574)	(12,673)
Net Change in Total Pension Liability	8,207	2,810	16,105
Total Pension Liability--Beginning	249,015	246,205	230,100
Total Pension Liability--Ending	\$ 257,222	\$ 249,015	\$ 246,205
Plan Fiduciary Net Position			
Contributions--municipalities	\$ 705	\$ 726	\$ 803
Contributions--member	37	53	58
Contributions--state as nonemployer contributing entity	4,053	6,724	7,667
Net investment income	25,469	(41,127)	7,778
Benefit payments, including refunds of member contributions	(12,646)	(12,566)	(12,673)
Administrative expense	(1,069)	(1,269)	(762)
Other*	(9)	—	—
Net Change in Plan Fiduciary Net Position	16,540	(47,459)	2,871
Plan Fiduciary Net Position--Beginning	220,751	268,210	265,339
Plan Fiduciary Net Position--Ending	\$ 237,291	\$ 220,751	\$ 268,210
Plan's Net Pension Liability/(Asset)--Ending	\$ 19,931	\$ 28,264	\$ (22,005)

Note: Figures may not total due to rounding.

*The amount reported in 2023 is an adjustment related to restating the benefit payments from fiscal year 2022.

Source: Washington State Office of the State Actuary

State of Washington

	2020	2019	2018	2017	2016	2015	2014
\$	820	\$ 828	\$ 853	\$ 869	\$ 893	\$ 919	\$ 1,240
	13,120	13,119	13,151	12,946	12,887	12,656	12,480
	34,626	—	—	—	—	—	—
	1,134	(1,857)	(2,707)	(1,998)	(176)	(2,948)	—
	—	—	16	463	101	1,931	—
	(12,217)	(11,913)	(11,573)	(11,074)	(10,795)	(10,501)	(10,771)
	37,483	177	(260)	1,206	2,910	2,057	2,949
	192,617	192,440	192,700	191,494	188,584	186,527	183,578
\$	230,100	\$ 192,617	\$ 192,440	\$ 192,700	\$ 191,494	\$ 188,584	\$ 186,527
\$	771	\$ 797	\$ 823	\$ 848	\$ 918	\$ 913	\$ 953
	40	54	65	69	67	76	95
	8,196	7,639	7,227	6,646	7,235	5,903	6,383
	11,059	20,101	19,860	26,114	4,588	8,289	31,892
	(12,217)	(11,913)	(11,573)	(11,074)	(10,795)	(10,501)	(10,771)
	(3,120)	(1,352)	(918)	(1,466)	(1,205)	(1,020)	(1,469)
	—	—	—	—	—	—	(22)
	4,729	15,326	15,484	21,137	808	3,660	27,061
	260,610	245,284	229,800	208,663	207,855	204,195	177,134
\$	265,339	\$ 260,610	\$ 245,284	\$ 229,800	\$ 208,663	\$ 207,855	\$ 204,195
\$	(35,239)	\$ (67,993)	\$ (52,844)	\$ (37,100)	\$ (17,169)	\$ (19,271)	\$ (17,668)

PENSION PLAN INFORMATION

Volunteer Firefighters' and Reserve Officers' Relief and Pension Fund

Schedule of Net Pension Liability

Last Ten Fiscal Years
(expressed in thousands)

	2023	2022	2021
Total Pension Liability/(Asset)--Ending	\$ 257,222	\$ 249,015	\$ 246,205
Plan Fiduciary Net Position--Ending	237,291	220,751	268,210
Plan's Net Pension Liability/(Asset)--Ending	<u>\$ 19,931</u>	<u>\$ 28,264</u>	<u>\$ (22,005)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	92.25 %	88.65 %	108.94 %
Covered Payroll	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A

N/A indicates data not applicable. This is a volunteer organization.

Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.

Source: Washington State Office of the State Actuary

**Volunteer Firefighters' and Reserve Officers' Relief and Pension Fund
Notes to Required Supplementary Information**

The Office of the State Actuary calculates the Actuarially Determined Contributions (ADC) based on the results of an actuarial valuation consistent with funding policy defined under chapter 41.24 RCW and

policies adopted by the State Board for Volunteer Firefighters and Reserve Officers. Consistent with the Board's contribution rate adoption process, the results of an actuarial valuation determine the ADC two years after the valuation date. For example, the actuarial valuation with a June 30, 2021, valuation date, completed in the fall of 2022, determines the ADC for the period ending June 30, 2023.

State of Washington

	2020	2019	2018	2017	2016	2015	2014
\$	230,100	\$ 192,617	\$ 192,440	\$ 192,700	\$ 191,494	\$ 188,584	\$ 186,527
	265,339	260,610	245,284	229,800	208,663	207,855	204,195
\$	(35,239)	\$ (67,993)	\$ (52,844)	\$ (37,100)	\$ (17,169)	\$ (19,271)	\$ (17,668)
	115.31 %	135.30 %	127.46 %	119.25 %	108.97 %	110.22 %	109.47 %
	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A	N/A

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

University of Washington (UW)

Last Three Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 8,358	\$ 8,358	\$ —	\$ 2,199,526	0.38 %
2022	6,548	6,548	—	1,723,087	0.38 %
2021	7,105	7,105	—	1,372,814	0.52 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Washington State University (WSU)

Last Three Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 1,040	\$ 1,040	\$ —	\$ 346,733	0.30 %
2022	975	975	—	325,122	0.30 %
2021	919	919	—	161,432	0.57 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

Eastern Washington University (EWU)

Last Three Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 172	\$ 172	\$ —	\$ 61,516	0.28 %
2022	165	165	—	59,085	0.28 %
2021	165	165	—	30,057	0.55 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Central Washington University (CWU)

Last Three Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ —	\$ 178	\$ (178)	\$ 63,515	0.28 %
2022	—	187	(187)	66,747	0.28 %
2021	—	173	(173)	38,710	0.45 %

Notes:

Statute requires Central Washington University to contribute at a rate similar to other institutions of higher education even though the Actuarially Determined Contributions equal zero.

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

The Evergreen State College (TESC)

Last Three Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 46	\$ 46	\$ —	\$ 20,197	0.23 %
2022	46	46	—	20,208	0.23 %
2021	40	40	—	49,390	0.08 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Western Washington University (WWU)

Last Three Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 235	\$ 234	\$ 1	\$ 111,703	0.21 %
2022	226	226	—	107,558	0.21 %
2021	196	196	—	17,327	1.13 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

State Board for Community and Technical Colleges (SBCTC)

Last Three Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 858	\$ 862	\$ (4)	\$ 660,066	0.13 %
2022	833	833	—	638,490	0.13 %
2021	656	656	—	357,331	0.18 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

Schedule of Investment Returns

Last Three Fiscal Years*

Institution Name	UW	WSU	EWU	CWU	TESC	WWU	SBCTC
Annual money-weighted rate of return, net of investment expense							
2023	7.16 %	7.13 %	7.11 %	7.11 %	7.08 %	7.09 %	7.07 %
2022	0.12 %	0.14 %	0.16 %	0.14 %	0.16 %	0.14 %	0.18 %
2021	34.93 %	34.92 %	34.88 %	34.91 %	34.86 %	34.90 %	34.87 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

University of Washington

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2023		2022		2021
Total Pension Liability					
Service cost	\$ 5,068	\$	3,699	\$	22,877
Interest	22,106		15,933		17,677
Changes of benefit terms	—		—		—
Differences between expected and actual experience	(31,360)		67,986		(372,651)
Changes in assumptions	(26,643)		22,150		(223,327)
Benefit payments	(10,989)		(10,313)		(9,733)
Net Change in Total Pension Liability	(41,818)		99,455		(565,158)
Total Pension Liability--Beginning	316,127		216,672		781,829
Total Pension Liability--Ending	\$ 274,309	\$	316,127	\$	216,672
Plan Fiduciary Net Position **					
Contributions--Employer	\$ 8,358	\$	6,548	\$	7,105
Contributions--Member	—		—		—
Net Investment Income	7,189		101		22,275
Benefit Payments, Including Refunds of Member Contributions	—		—		—
Administrative Expense	—		—		—
Net Change in Plan Fiduciary Net Position	15,547		6,648		29,380
Plan Fiduciary Net Position--Beginning	96,989		90,341		60,961
Plan Fiduciary Net Position--Ending	\$ 112,536	\$	96,989	\$	90,341
Plan's Net Position Liability/(Asset)--Ending	\$ 161,773	\$	219,138	\$	126,331

N/A indicates data not available.

*This schedule is to be built prospectively until it contains ten years of data.

**Due to changes in legislation, assets from higher education institution plans that were previously not administered through a trust, were placed into a trust or similar arrangement. As a result, plans previously reported under GASB Statement No. 73, are now reported under GASB Statement Nos. 67/68. The change is effective for fiscal year 2021.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2020		2019		2018		2017	
\$	16,699	\$	11,823	\$	14,788	\$	19,891	
	21,232		16,277		16,128		15,097	
	—		—		—		—	
	31,425		102,713		(33,953)		(74,918)	
	126,749		58,228		(17,105)		(28,553)	
	(8,316)		(7,482)		(6,130)		(5,136)	
	187,789		181,559		(26,272)		(73,619)	
	594,040		412,481		438,753		512,372	
\$	781,829	\$	594,040	\$	412,481	\$	438,753	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Washington State University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2023		2022		2021
Total Pension Liability					
Service cost	\$	857	\$	604	\$ 3,114
Interest		3,916		2,968	2,666
Changes of benefit terms		—		—	—
Differences between expected and actual experience		(669)		11,481	(47,565)
Changes in assumptions		(4,222)		3,771	(33,228)
Benefit payments		(3,228)		(3,248)	(2,827)
Net Change in Total Pension Liability		(3,345)		15,577	(77,840)
Total Pension Liability--Beginning		56,679		41,102	118,942
Total Pension Liability--Ending	\$	53,334	\$	56,679	\$ 41,102
Plan Fiduciary Net Position**					
Contributions--Employer	\$	1,040	\$	975	\$ 919
Contributions--Member		—		—	—
Net Investment Income		1,358		22	4,422
Benefit Payments, Including Refunds of Member Contributions		—		—	—
Administrative Expense		—		—	—
Net Change in Plan Fiduciary Net Position		2,398		998	5,341
Plan Fiduciary Net Position--Beginning		18,643		17,646	12,305
Plan Fiduciary Net Position--Ending	\$	21,041	\$	18,643	\$ 17,646
Plan's Net Pension Liability/(Asset)--Ending	\$	32,292	\$	38,036	\$ 23,456

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2020		2019		2018		2017	
\$	2,282	\$	2,112	\$	2,763	\$	3,803	
	3,282		3,241		3,261		3,140	
	—		—		—		—	
	5,496		(1,022)		(7,171)		(16,389)	
	17,655		7,997		(3,255)		(6,574)	
	(2,493)		(2,439)		(2,181)		(1,890)	
	26,222		9,889		(6,583)		(17,910)	
	92,720		82,831		89,414		107,324	
\$	118,942	\$	92,720	\$	82,831	\$	89,414	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Eastern Washington University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2023		2022		2021
Total Pension Liability					
Service cost	\$	210	\$	157	\$ 668
Interest		920		671	523
Changes of benefit terms		—		—	—
Differences between expected and actual experience		(2,820)		2,661	(7,646)
Changes in assumptions		(1,040)		867	(7,364)
Benefit payments		(366)		(277)	(280)
Net Change in Total Pension Liability		(3,096)		4,080	(14,099)
Total Pension Liability--Beginning		13,119		9,040	23,139
Total Pension Liability--Ending	\$	10,023	\$	13,119	\$ 9,040
Plan Fiduciary Net Position**					
Contributions--Employer	\$	172	\$	165	\$ 165
Contributions--Member		—		—	—
Net Investment Income		269		5	892
Benefit Payments, Including Refunds of Member Contributions		—		—	—
Administrative Expense		—		—	—
Net Change in Plan Fiduciary Net Position		441		171	1,057
Plan Fiduciary Net Position--Beginning		3,720		3,549	2,492
Plan Fiduciary Net Position--Ending	\$	4,161	\$	3,720	\$ 3,549
Plan's Net Pension Liability/(Asset)-- Ending	\$	5,862	\$	9,399	\$ 5,490

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2020		2019		2018		2017	
\$	501	\$	463	\$	477	\$	658	
	634		614		429		420	
	—		—		—		—	
	1,019		421		3,867		(2,852)	
	3,488		1,014		(621)		(647)	
	(250)		(316)		(202)		(140)	
	5,392		2,196		3,950		(2,561)	
	17,747		15,551		11,601		14,162	
\$	23,139	\$	17,747	\$	15,551	\$	11,601	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Central Washington University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2023		2022		2021
Total Pension Liability					
Service cost	\$ 24	\$	19	\$	74
Interest	373		327		187
Changes of benefit terms	—		—		—
Differences between expected and actual experience	(181)		777		(1,386)
Changes in assumptions	(273)		260		(2,394)
Benefit payments	(493)		(473)		(467)
Net Change in Total Pension Liability	(550)		910		(3,987)
Total Pension Liability--Beginning	5,545		4,635		8,622
Total Pension Liability--Ending	\$ 4,995	\$	5,545	\$	4,635
Plan Fiduciary Net Position**					
Contributions--Employer	\$ 178	\$	187	\$	173
Contributions--Member	—		—		—
Net Investment Income	271		4		894
Benefit Payments, Including Refunds of Member Contributions	—		—		—
Administrative Expense	—		—		—
Net Change in Plan Fiduciary Net Position	449		191		1,067
Plan Fiduciary Net Position--Beginning	3,751		3,560		2,493
Plan Fiduciary Net Position--Ending	\$ 4,200	\$	3,751	\$	3,560
Plan's Net Pension Liability/(Asset)--Ending	\$ 795	\$	1,794	\$	1,075

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2020		2019		2018		2017	
\$	52	\$	61	\$	91	\$	150	
	252		293		299		293	
	—		—		—		—	
	322		(710)		(466)		(1,270)	
	1,057		428		(272)		(616)	
	(439)		(411)		(412)		(411)	
	1,244		(339)		(760)		(1,854)	
	7,378		7,717		8,477		10,331	
\$	8,622	\$	7,378	\$	7,717	\$	8,477	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

The Evergreen State College

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2023		2022		2021
Total Pension Liability					
Service cost	\$	72	\$	55	\$ 250
Interest		349		260	201
Changes of benefit terms		—		—	—
Differences between expected and actual experience		(1,152)		991	(3,198)
Changes in assumptions		(361)		311	(2,495)
Benefit payments		(155)		(157)	(119)
Net Change in Total Pension Liability		(1,245)		1,460	(5,361)
Total Pension Liability--Beginning		4,994		3,533	8,894
Total Pension Liability--Ending	\$	3,748	\$	4,994	\$ 3,533
Plan Fiduciary Net Position**					
Contributions--Employer	\$	46	\$	46	\$ 40
Contributions--Member		—		—	—
Net Investment Income		102		2	348
Benefit Payments, Including Refunds of Member Contributions		—		—	—
Administrative Expense		—		—	—
Net Change in Plan Fiduciary Net Position		148		49	388
Plan Fiduciary Net Position--Beginning		1,421		1,372	984
Plan Fiduciary Net Position--Ending	\$	1,569	\$	1,421	\$ 1,372
Plan's Net Pension Liability/(Asset)--Ending	\$	2,180	\$	3,573	\$ 2,162

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2020		2019		2018		2017	
\$	188	\$	154	\$	210	\$	296	
	243		235		237		230	
	—		—		—		—	
	490		(108)		(565)		(1,327)	
	1,293		694		(229)		(387)	
	(138)		(137)		(183)		(158)	
	2,076		838		(530)		(1,346)	
	6,818		5,980		6,510		7,856	
\$	8,894	\$	6,818	\$	5,980	\$	6,510	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Western Washington University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2023		2022		2021
Total Pension Liability					
Service cost	\$	327	\$	233	\$ 922
Interest		1,454		982	798
Changes of benefit terms		—		—	—
Differences between expected and actual experience		(3,236)		5,263	(15,050)
Changes in assumptions		(2,251)		1,524	(8,260)
Benefit payments		(594)		(587)	(524)
Net Change in Total Pension Liability		(4,300)		7,416	(22,115)
Total Pension Liability--Beginning		20,743		13,327	35,442
Total Pension Liability--Ending	\$	16,443	\$	20,743	\$ 13,327
Plan Fiduciary Net Position**					
Contributions--Employer	\$	234	\$	226	\$ 196
Contributions--Member		—		—	—
Net Investment Income		395		7	1,326
Benefit Payments, Including Refunds of Member Contributions		—		—	—
Administrative Expense		—		—	—
Net Change in Plan Fiduciary Net Position		630		233	1,522
Plan Fiduciary Net Position--Beginning		5,488		5,255	3,733
Plan Fiduciary Net Position--Ending	\$	6,117	\$	5,488	\$ 5,255
Plan's Net Pension Liability/(Asset)--Ending	\$	10,326	\$	15,255	\$ 8,072

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2020		2019		2018		2017	
\$	699	\$	551	\$	737	\$	1,057	
	962		825		837		842	
	—		—		—		—	
	1,961		2,298		(2,233)		(5,278)	
	5,269		2,821		(819)		(2,126)	
	(486)		(420)		(380)		(298)	
	8,405		6,075		(1,858)		(5,803)	
	27,037		20,962		22,820		28,623	
\$	35,442	\$	27,037	\$	20,962	\$	22,820	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

State Board for Community and Technical Colleges

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2023		2022		2021	
Total Pension Liability						
Service cost	\$	1,985	\$	1,508	\$	4,672
Interest		7,167		5,078		3,323
Changes of benefit terms		—		—		—
Differences between expected and actual experience		(5,760)		22,436		(29,981)
Changes in assumptions		(11,407)		7,288		(54,110)
Benefit payments		(3,008)		(3,015)		(1,992)
Net Change in Total Pension Liability		(11,024)		33,294		(78,088)
Total Pension Liability--Beginning		101,882		68,588		146,676
Total Pension Liability--Ending	\$	90,859	\$	101,882	\$	68,588
Plan Fiduciary Net Position**						
Contributions--Employer	\$	862	\$	833	\$	656
Contributions--Member		—		—		—
Net Investment Income		2,361		52		8,211
Benefit Payments, Including Refunds of Member Contributions		—		—		—
Administrative Expense		—		—		—
Net Change in Plan Fiduciary Net Position		3,223		886		8,866
Plan Fiduciary Net Position--Beginning		33,145		32,259		23,393
Plan Fiduciary Net Position--Ending	\$	36,368	\$	33,145	\$	32,259
Plan's Net Pension Liability/(Asset)--Ending	\$	54,491	\$	68,737	\$	36,329

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2020		2019		2018		2017	
\$	3,516	\$	2,851	\$	3,827	\$	5,417	
	3,956		3,449		3,517		3,514	
	—		—		—		—	
	8,335		6,503		(10,402)		(25,336)	
	22,269		12,227		(3,519)		(5,980)	
	(1,785)		(1,818)		(1,300)		(902)	
	36,291		23,212		(7,877)		(23,287)	
	110,385		87,173		95,050		118,337	
\$	146,676	\$	110,385	\$	87,173	\$	95,050	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	
	N/A		N/A		N/A		N/A	

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability

University of Washington

Last Seven Fiscal Years*

(expressed in thousands)

	2023		2022		2021
Total Pension Liability/(Asset)--Ending	\$ 274,309	\$	316,127	\$	216,672
Plan Fiduciary Net Position--Ending	112,536		96,989		90,341
Plan's Net Pension Liability/(Asset)--Ending	\$ 161,773	\$	219,138	\$	126,331
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	41.03 %		30.68 %		41.69 %
Covered Payroll	\$ 2,199,526	\$	1,723,087	\$	1,703,155
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	7.35 %		12.72 %		7.42 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Net Pension Liability

Washington State University

Last Seven Fiscal Years*

(expressed in thousands)

	2023		2022		2021
Total Pension Liability/(Asset)--Ending	\$ 53,334	\$	56,679	\$	41,102
Plan Fiduciary Net Position--Ending	21,041		18,643		17,646
Plan's Net Pension Liability/(Asset)--Ending	\$ 32,292	\$	38,036	\$	23,456
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	39.45%		32.89%		42.93%
Covered Payroll	\$ 346,733	\$	325,122	\$	317,177
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	9.31 %		11.70 %		7.40 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2020		2019		2018		2017
\$	781,829	\$	594,040	\$	412,481	\$	438,753
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A

	2020		2019		2018		2017
\$	118,942	\$	92,720	\$	82,831	\$	89,414
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability

Eastern Washington University

Last Seven Fiscal Years*

(expressed in thousands)

	2023		2022		2021
Total Pension Liability/(Asset)--Ending	\$ 10,023	\$	13,119	\$	9,040
Plan Fiduciary Net Position--Ending	4,161		3,720		3,549
Plan's Net Pension Liability/(Asset)--Ending	\$ 5,862	\$	9,399	\$	5,490
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	41.51 %		28.36 %		39.26 %
Covered Payroll	\$ 61,516	\$	59,085	\$	60,251
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	9.53 %		15.91 %		9.11 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Net Pension Liability

Central Washington University

Last Seven Fiscal Years*

(expressed in thousands)

	2023		2022		2021
Total Pension Liability/(Asset)--Ending	\$ 4,995	\$	5,545	\$	4,635
Plan Fiduciary Net Position--Ending	4,200		3,751		3,560
Plan's Net Pension Liability/(Asset)--Ending	\$ 795	\$	1,794	\$	1,075
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	84.08 %		67.65 %		76.81 %
Covered Payroll	\$ 63,515	\$	66,747	\$	77,419
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	1.25 %		2.69 %		1.39 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2020		2019		2018		2017
\$	23,139	\$	17,747	\$	15,551	\$	11,601
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A

	2020		2019		2018		2017
\$	8,622	\$	7,378	\$	7,717	\$	8,477
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability

The Evergreen State College

Last Seven Fiscal Years*

(expressed in thousands)

	2023		2022		2021
Total Pension Liability/(Asset)--Ending	\$ 3,748	\$	4,994	\$	3,533
Plan Fiduciary Net Position--Ending	1,569		1,421		1,372
Plan's Net Pension Liability/(Asset)--Ending	\$ 2,180	\$	3,573	\$	2,162
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	41.86 %		28.45 %		38.83 %
Covered Payroll	\$ 20,197	\$	20,208	\$	36,786
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	10.79 %		17.68 %		5.88 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Net Pension Liability

Western Washington University

Last Seven Fiscal Years*

(expressed in thousands)

	2023		2022		2021
Total Pension Liability/(Asset)--Ending	\$ 16,443	\$	20,743	\$	13,327
Plan Fiduciary Net Position--Ending	6,117		5,488		5,255
Plan's Net Pension Liability/(Asset)--Ending	\$ 10,326	\$	15,255	\$	8,072
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	37.20 %		26.46 %		39.43 %
Covered Payroll	\$ 111,703	\$	107,558	\$	317,177
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	9.24 %		14.18 %		2.54 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2020		2019		2018		2017
\$	8,894	\$	6,818	\$	5,980	\$	6,510
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A

	2020		2019		2018		2017
\$	35,442	\$	27,037	\$	20,962	\$	22,820
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

**Schedule of Net Pension Liability
State Board for Community and Technical Colleges**

Last Seven Fiscal Years*
(expressed in thousands)

	2023	2022	2021
Total Pension Liability/(Asset)--Ending	\$ 90,859	\$ 101,882	\$ 68,588
Plan Fiduciary Net Position--Ending	36,368	33,145	32,259
Plan's Net Pension Liability/(Asset)--Ending	\$ 54,491	\$ 68,737	\$ 36,329
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	40.03 %	32.53 %	47.03 %
Covered Payroll	\$ 660,066	\$ 638,490	\$ 639,861
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	8.26 %	10.77 %	5.68 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

**Higher Education Supplemental
Defined Benefit Plans
Notes to Required Supplementary
Information**

Effective fiscal year 2021, RCW 41.50.075 created dedicated funds to pay higher education Supplemental Retirement Plans (SRPs) benefits that mimic the trust

arrangement for the rest of the state retirement systems. As a result, the plans, previously reported under GASB Statement No. 73, are now being reported under GASB Statement Nos. 67/68. Under the SRPs, state institutions of higher education make direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals.

State of Washington

	2020		2019		2018		2017
\$	146,676	\$	110,385	\$	87,173	\$	95,050
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A

OTHER POSTEMPLOYMENT BENEFITS INFORMATION

Schedule of Changes in Total OPEB Liability and Related Ratios

Measurement Date of June 30*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 313,547	\$ 323,706	\$ 251,517	\$ 235,316	\$ 317,866	\$ 394,955
Interest	145,472	139,842	210,229	203,889	218,339	184,999
Changes in benefit terms	—	—	—	—	—	—
Difference between expected and actual experience	(144,000)	404	(32,209)	(273)	199,258	—
Changes in assumptions	(2,431,367)	58,702	136,371	379,637	(1,390,198)	(902,431)
Benefit payments	(106,880)	(106,523)	(100,092)	(93,253)	(92,200)	(94,279)
Changes in proportion	(2)	—	3	(3)	(15)	—
Other**	—	—	(214,094)	—	—	—
Net Changes in Total OPEB Liability	(2,223,230)	416,131	251,725	725,313	(746,950)	(416,755)
Total OPEB Liability--Beginning, as restated	6,473,051	6,056,920	5,805,195	5,079,882	5,826,832	6,242,577
Total OPEB Liability--Ending	\$ 4,249,821	\$ 6,473,051	\$ 6,056,920	\$ 5,805,195	\$ 5,079,882	\$ 5,825,822
Covered-employee payroll	\$ 9,475,038	\$ 9,560,209	\$ 9,285,200	\$ 8,722,746	\$ 8,401,635	\$ 7,878,188
Total OPEB liability as a percentage of covered-employee payroll	44.85 %	67.71 %	65.23 %	66.55 %	60.46 %	73.95 %

*This schedule is to be built prospectively until it contains ten years of data.

**Impact of removing trends that include excise tax. Legislation under H.R. 1865 repealed the excise tax after the previous measurement date.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Other Postemployment Benefits Information
Notes to Required Supplementary Information

The Public Employees' Benefits Board OPEB plan does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis.

Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, health care trend rates, salary projections, and participation percentages.

Total OPEB liability beginning balance for the measurement date of June 30, 2018, was restated to reflect the changes in proportion between the state and the Washington Economic Development Finance Authority which operates on a cash basis and does not report an OPEB liability. The restatement also includes OPEB amounts for the Health Care Benefits Exchange which was omitted from the table in the prior year.

Infrastructure Assets Reported Using the Modified Approach

Condition Assessment

The state of Washington reports certain networks of infrastructure assets under the modified approach of the Governmental Accounting Standards Board Statement No. 34. Expenditures to maintain and preserve these assets are budgeted, recorded, and reported in lieu of depreciation expense. The state must meet the following requirements to report networks of assets under the modified approach:

- Maintain an up-to-date inventory of eligible infrastructure assets in an asset management system.
- Disclose the condition level at which assets are to be preserved or maintained, as established by administrative or executive policy, or by legislative action.

- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Document that assets are being preserved approximately at or above the disclosed condition level for the three most recent complete condition assessments..
- Annually estimate the cost to maintain and preserve the assets at the established condition level.

Assets accounted for under the modified approach include the state of Washington’s network of highway pavements, bridges, and rest areas. In fiscal year 2023, the state was responsible for maintaining and preserving 20,925 pavement lane miles, 4,126 bridges and tunnels, and 47 highway safety rest areas.

PAVEMENT CONDITION

The Washington State Department of Transportation (WSDOT) performs highway pavement assessments over a two-year cycle utilizing three measurements to develop a scaled condition assessment: Pavement Structural Condition (PSC), International Roughness Index (IRI), and rutting.

WSDOT uses the following rating scale for PSC:

Category	PSC Range	Description
Very Good	80 - 100	Little or no distress. Example: Flexible pavement with 5% of wheel track length having “hairline” severity alligator cracking will have a PSC of 80.
Good	60 - 79	Early stage deterioration. Example: Flexible pavement with 15% of wheel track length having “hairline” alligator cracking will have a PSC of 70.
Fair	40 - 59	This is the threshold value for rehabilitation. Example: Flexible pavement with 25% of wheel track length having “hairline” alligator cracking will have a PSC of 50.
Poor	20 - 39	Structural deterioration. Example: Flexible pavement with 25% of wheel track length having “medium (spalled)” severity alligator cracking will have a PSC of 30.
Very Poor	0 - 19	Advanced structural deterioration. Example: Flexible pavement with 40% of wheel track length having “medium (spalled)” severity alligator cracking will have a PSC of 10. May require extensive repair and thicker overlays.

The IRI scale is measured in inches per mile. WSDOT assesses pavement with a ride performance measure less than 221 inches per mile to be in fair or better condition.

Rutting is measured in inches with a measurement of 0.58 inches or less assessed at a condition of fair or better.

PSC, IRI, and rutting are combined to rate a section of pavement which is assigned the lowest condition of any of the three indices.

State of Washington

The following table shows the combined conditions and the ratings for each index:

Category	PSC	IRI	Rutting
Very Good	80 - 100	< 96	< 0.24
Good	60 - 79	96 - 170	0.24 - 0.41
Fair	40 - 59	171 - 220	0.42 - 0.58
Poor	20 - 39	221 - 320	0.59 - 0.74
Very Poor	0 - 19	> 320	> 0.74

WSDOT's policy is to maintain 85 percent of pavements at a condition level of fair or better, based on an average condition level of the last three assessments. Calculation of the percentages was based on vehicle miles traveled, a key data for highway planning and management and a common measure of roadway use.

The following table shows pavement condition ratings for state highways:

Pavements			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Calendar Year			
2021	2019	2017	Average of Last Three Assessments
92.5%	94.1%	93.2%	93.3%

The following table reflects the state's estimated and actual expenditures necessary to preserve state highways at the established condition level:

Pavements					
Preservation and Maintenance - Planned to Actual - Fiscal Year					
(expressed in thousands)					
	2023	2022	2021	2020	2019
Planned	\$ 23,037	\$ 139,663	\$ 211,788	\$ 194,105	\$ 227,625
Actual	25,228	119,280	124,491	169,303	269,236
Variance	\$ (2,191)	\$ 20,383	\$ 87,297	\$ 24,802	\$ (41,611)
	-9.5%	14.6%	41.2%	12.8%	-18.3%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management's decision to accelerate, defer, or reduce preservation or maintenance activities in response to economic forecasts and other factors. For fiscal year 2021, the 41.2 percent variance is due to a combination of decreased expenditures and an additional appropriation for the Connecting Washington Program that funded other various projects to enhance the statewide transportation system and maintain critical infrastructure.

For more information about pavements, refer to WSDOT's website at: [Pavement Design & Management](#).

BRIDGE CONDITION

WSDOT inspects and performs condition assessments on approximately 3,316 state-owned vehicular bridges in excess of 20 feet in length. While most bridges undergo condition assessments every two years, the National Bridge Inspection Standards (NBIS) make provisions for some bridges to be inspected more or less frequently. Factors that are considered when determining the frequency of inspection include age, type of structure, span length, and condition. There are currently about 360 bridges that are inspected on a four-year cycle, and many bridges that are inspected more frequently than every two years. Underwater bridge components are inspected at least once every five years in accordance with Federal Highway Administration (FHWA) requirements.

WSDOT uses a performance measure established in FHWA’s *Recording and Coding Guide for the Structural Inventory and Appraisal of the Nation’s Bridges*, which classifies the physical condition of bridges as good, fair, or poor based on structural sufficiency standards for the following bridge components: bridge superstructure, substructure, and deck. The appraisal data is collected in the National Bridge Inventory and assigned a code from 0 to 9, with 0 being in a failed condition and 9 being in excellent condition.

Category	National Bridge Inventory Code	Description
Excellent	9	No problem
Good	7 or 8	A range from no problems noted to some minor problems.
Fair	5 or 6	All primary structural elements are sound but may have deficiencies such as minor section loss, deterioration, cracking, spalling, or scour.
Poor	4 or less	Advanced deficiencies such as section loss, deterioration, cracking, spalling, scour, or seriously affected primary structural components.

WSDOT’s policy is to maintain 90 percent of bridges at a condition level of fair or better, based on an average condition level of the last three assessments.

The following table shows condition ratings for state bridges:

Bridges			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Fiscal Year			
2023	2021	2019	Average of Last Three Assessments
92.6%	94.7%	92.9%	93.4%

The following table reflects the state’s estimated and actual expenditures necessary to preserve the bridges at the established condition level:

Bridges					
Preservation and Maintenance - Planned to Actual - Fiscal Year					
<i>(expressed in thousands)</i>					
	2023	2022	2021	2020	2019
Planned	\$ 14,457	\$ 135,355	\$ 114,868	\$ 148,212	\$ 182,409
Actual	12,705	92,080	109,137	120,554	146,816
Variance	\$ 1,752	\$ 43,275	\$ 5,731	\$ 27,658	\$ 35,593
	12.1%	32.0%	5.0%	18.7%	19.5%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management’s decision to accelerate, defer, or reduce preservation or maintenance activities in response to economic forecasts and other factors. The significant variance between actual and planned expenditures in fiscal year 2022 can be attributed to continued insufficient resources in keeping up with increased delivery demands imposed on WSDOT.

For more information about bridges, refer to WSDOT’s website at: [Design Topics, Bridges and Structures](#).

SAFETY REST AREA CONDITION

Beginning in fiscal year 2020, WSDOT performs condition assessments on safety rest areas in the odd year of every fiscal biennium. Sites and buildings are divided into functional components that are assessed with a three-tiered condition scale: good, fair, and poor condition. The assessment criteria are based on guidelines that are typical of industry standards and have been modified by WSDOT Capital Facilities Program to align with transportation-related facilities.

While the scale for condition measurement remains unchanged, both the condition rating tiers and the condition target for safety rest areas were modified effective for fiscal year 2020. The rating for a safety rest area to be considered in “fair” condition was increased from 50 percent to 60 percent under the new plan, representing a higher assessment standard than under the historical rating system.

WSDOT’s policy is to maintain 85 percent of safety rest areas at a level of fair or better condition, based on the average condition level of the last three assessments. However, the implementation of the new condition assessment criteria in fiscal year 2020 resulted in the safety rest area condition rating falling below target in the last three assessments.

The following table shows condition ratings for safety rest areas:

Safety Rest Areas			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Fiscal Year			
2021	2019*	2017*	Average of Last Three Assessments
45.7%	80.4%	80.4%	68.8%

* The percentages for the 2017 and 2019 assessments were recalculated to reflect the new rating methodology effective July 2019.

In the fall of 2022, WSDOT began evaluating the feasibility of continuing to manage safety rest areas under the same asset management plan as all other agency-owned facilities using the modified approach for reporting infrastructure. In March 2023, the determination was made to remove safety rest areas from the modified approach to depreciation and transition to the straight-line depreciation method by the end of fiscal year 2024. As a result, no condition assessment was performed for safety rest areas in fiscal year 2023. WSDOT has begun identifying asset valuations and any remaining depreciation will be calculated quarterly in conjunction with other WSDOT capital asset adjustments.

The following table reflects the state’s estimated and actual expenditures necessary to preserve the safety rest areas at the established condition level:

Safety Rest Areas					
Preservation and Maintenance - Planned to Actual - Fiscal Year					
<i>(expressed in thousands)</i>					
	2023	2022	2021	2020	2019
Planned	\$ 11,871	\$ 6,694	\$ 8,140	\$ 9,420	\$ 11,084
Actual	11,535	7,589	7,256	8,601	9,004
Variance	\$ 336	\$ (895)	\$ 884	\$ 819	\$ 2,080
	2.8%	-13.4%	10.9%	8.7%	18.8%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management’s decision to accelerate, defer, or reduce preservation or maintenance activities in response to economic forecasts and other factors.

For more information about safety rest areas, refer to the WSDOT’s website at: [Safety Rest Areas](#).

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Funds
Combining Financial Statements

Nonmajor Governmental Funds

The Nonmajor Governmental Funds fall into the four categories as described below:

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are restricted or committed to expenditures for specified purposes.

Debt Service Funds

Debt Service Funds account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the state's bonds issued in support of governmental activities.

Capital Projects Funds

Capital Projects Funds account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of major state-owned capital facilities (other than highway infrastructure or those financed by proprietary funds).

Permanent Funds

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the state or its citizenry. The Common School Permanent Fund, the state's only Nonmajor Permanent Fund, accounts for the principal derived from the sale of timber. Interest earned is used for the benefit of common schools.

State of Washington

NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet - by Fund Type
 June 30, 2023
(expressed in thousands)

	Special Revenue	Debt Service	Capital Projects	Common School Permanent	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ 7,540,828	\$ 345,603	\$ 203,632	\$ 57	\$ 8,090,120
Investments	71,317	—	—	245,966	317,283
Taxes receivable (net of allowance)	300,978	—	—	—	300,978
Receivables (net of allowance)	1,268,339	19,293	47,852	580	1,336,064
Due from other funds	442,651	3,431	32,435	—	478,517
Due from other governments	3,763,722	—	9,803	—	3,773,525
Inventories and prepaids	67,086	—	—	—	67,086
Restricted cash and investments	173,739	29,753	14,155	—	217,647
Restricted receivables	283	—	—	—	283
Total Assets	13,628,943	398,080	307,877	246,603	14,581,503
DEFERRED OUTFLOWS OF RESOURCES					
	232	—	—	—	232
Total Assets and Deferred Outflows of Resources	\$13,629,175	\$ 398,080	\$ 307,877	\$ 246,603	\$14,581,735
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 491,386	\$ —	\$ 90,818	\$ —	\$ 582,204
Accrued liabilities	192,082	972	67,255	4	260,313
Due to other funds	1,486,323	2,256	60,108	564	1,549,251
Due to other governments	300,342	—	23,374	—	323,716
Unearned revenue	89,062	—	5,787	—	94,849
Claims and judgments payable	209,665	—	—	—	209,665
Total Liabilities	2,768,860	3,228	247,342	568	3,019,998
DEFERRED INFLOWS OF RESOURCES					
	151,611	—	22,613	—	174,224
FUND BALANCES					
Nonspendable fund balance	67,086	—	—	221,845	288,931
Restricted fund balance	4,712,521	51,166	—	58,620	4,822,307
Committed fund balance	5,929,097	343,797	37,922	—	6,310,816
Unassigned fund balance	—	(111)	—	(34,430)	(34,541)
Total Fund Balances	10,708,704	394,852	37,922	246,035	11,387,513
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$13,629,175	\$ 398,080	\$ 307,877	\$ 246,603	\$14,581,735

State of Washington

NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - by Fund Type
 For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Special Revenue	Debt Service	Capital Projects	Common School Permanent	Total
REVENUES					
Retail sales and use taxes	\$ 135,629	\$ —	\$ —	\$ —	\$ 135,629
Business and occupation taxes	3,394	—	—	—	3,394
Excise taxes	912,900	—	—	—	912,900
Motor vehicle and fuel taxes	1,558,713	—	—	—	1,558,713
Other taxes	524,849	—	—	—	524,849
Licenses, permits, and fees	2,251,047	—	—	—	2,251,047
Other contracts and grants	204,796	—	7,549	—	212,345
Timber sales	131,987	—	11,819	—	143,806
Federal grants-in-aid	1,811,223	—	7,940	—	1,819,163
Charges for services	672,832	27,540	73,276	—	773,648
Investment income (loss)	143,768	4,492	1,236	16,920	166,416
Miscellaneous revenue	1,645,295	67,812	7,105	483	1,720,695
Total Revenues	9,996,433	99,844	108,925	17,403	10,222,605
EXPENDITURES					
Current:					
General government	1,151,635	129	284,356	42	1,436,162
Human services	1,265,114	—	8,981	—	1,274,095
Natural resources and recreation	753,396	—	255,212	—	1,008,608
Transportation	2,612,884	—	155	—	2,613,039
Education	237,534	—	493,851	—	731,385
Intergovernmental	414,750	—	—	—	414,750
Capital outlays	1,790,269	—	872,132	—	2,662,401
Debt service:					
Principal	10,019	1,253,502	16,065	—	1,279,586
Interest	3,095	1,053,432	13,429	—	1,069,956
Total Expenditures	8,238,696	2,307,063	1,944,181	42	12,489,982
Excess of Revenues Over (Under) Expenditures	1,757,737	(2,207,219)	(1,835,256)	17,361	(2,267,377)
OTHER FINANCING SOURCES (USES)					
Bonds issued	90,165	—	1,246,830	—	1,336,995
Refunding bonds issued	—	1,343,065	—	—	1,343,065
Payments to escrow agents for refunded bond debt	—	(1,536,603)	—	—	(1,536,603)
Issuance premiums	15,069	197,161	209,395	—	421,625
Other debt issued	—	—	31,681	—	31,681
Right-to-use lease acquisition	32,789	—	—	—	32,789
Transfers in	3,676,311	2,252,305	236,612	—	6,165,228
Transfers out	(4,051,806)	(46,445)	(40,388)	(6,648)	(4,145,287)
Total Other Financing Sources (Uses)	(237,472)	2,209,483	1,684,130	(6,648)	3,649,493
Net Change in Fund Balances	1,520,265	2,264	(151,126)	10,713	1,382,116
Fund Balances - Beginning, as restated	9,188,439	392,588	189,048	235,322	10,005,397
Fund Balances - Ending	\$ 10,708,704	\$ 394,852	\$ 37,922	\$ 246,035	\$ 11,387,513

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Nonmajor Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are restricted or committed to expenditures for specified purposes. The Nonmajor Special Revenue Funds are described below:

Motor Vehicle Fund

The Motor Vehicle Fund accounts for highway activities of the Washington State Patrol; operations of the state ferry system; completion and preservation of the interstate system; other transportation improvements; and maintenance of non-interstate highways and bridges.

Multimodal Transportation Fund

The Multimodal Transportation Fund accounts for activities relating to drivers' licensing; driver improvement and financial responsibility; maintenance of driving records; charges for transportation services; and other highway and non-highway operations and capital improvements.

Central Administrative & Regulatory Fund

The Central Administrative and Regulatory Fund accounts for the operating expenditures of certain administrative and regulatory agencies.

Human Services Fund

The Human Services Fund accounts for activities related to safe and reliable drinking water; life sciences research; housing for persons and families with special housing needs; community awareness and support; and the collection of tobacco settlement monies.

Wildlife and Natural Resources Fund

The Wildlife and Natural Resources Fund accounts for the protection, management, and remediation programs of the state's wildlife, habitats, and natural resources, including forests, water, and parks.

Local Construction & Loan Fund

The Local Construction and Loan Fund accounts for construction and loan programs for local public works projects.

State of Washington

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2023

(expressed in thousands)

	Motor Vehicle	Multimodal Transportation	Central Administrative and Regulatory	Human Services
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 2,471,872	\$ 960,979	\$ 259,773	\$ 1,094,416
Investments	—	—	1,377	69,940
Taxes receivable (net of allowance)	162,124	10,851	25,496	67,430
Receivables (net of allowance)	128,971	34,375	179,598	766,865
Due from other funds	297,878	26,721	25,384	20,388
Due from other governments	128,715	114,972	1,351,093	608,254
Inventories and prepaids	60,339	288	5,878	—
Restricted cash and investments	14,389	102	159,248	—
Restricted receivables	—	—	—	283
Total Assets	3,264,288	1,148,288	2,007,847	2,627,576
DEFERRED OUTFLOWS OF RESOURCES	232	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 3,264,520	\$ 1,148,288	\$ 2,007,847	\$ 2,627,576
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 323,327	\$ 35,916	\$ 27,238	\$ 68,443
Accrued liabilities	90,825	10,261	9,950	32,078
Due to other funds	289,056	46,803	913,283	159,610
Due to other governments	111,866	107,224	13,057	38,975
Unearned revenue	7,791	30,923	26,609	3,093
Claims and judgments payable	—	—	169,048	40,617
Total Liabilities	822,865	231,127	1,159,185	342,816
DEFERRED INFLOWS OF RESOURCES	12,538	6,614	4,711	17,777
FUND BALANCES				
Nonspendable fund balance	60,339	288	5,878	—
Restricted fund balance	1,961,067	196,788	5,084	767,967
Committed fund balance	407,711	713,471	832,989	1,499,016
Total Fund Balances	2,429,117	910,547	843,951	2,266,983
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,264,520	\$ 1,148,288	\$ 2,007,847	\$ 2,627,576

State of Washington

Wildlife and Natural Resources	Local Construction and Loan	Total
\$ 2,234,547	\$ 519,241	\$ 7,540,828
—	—	71,317
26,332	8,745	300,978
104,008	54,522	1,268,339
68,574	3,706	442,651
977,114	583,574	3,763,722
581	—	67,086
—	—	173,739
—	—	283
<u>3,411,156</u>	<u>1,169,788</u>	<u>13,628,943</u>
—	—	232
<u>\$ 3,411,156</u>	<u>\$ 1,169,788</u>	<u>\$ 13,629,175</u>
\$ 35,373	\$ 1,089	\$ 491,386
47,177	1,791	192,082
73,509	4,062	1,486,323
19,641	9,579	300,342
20,646	—	89,062
—	—	209,665
<u>196,346</u>	<u>16,521</u>	<u>2,768,860</u>
<u>68,310</u>	<u>41,661</u>	<u>151,611</u>
581	—	67,086
1,410,967	370,648	4,712,521
1,734,952	740,958	5,929,097
<u>3,146,500</u>	<u>1,111,606</u>	<u>10,708,704</u>
<u>\$ 3,411,156</u>	<u>\$ 1,169,788</u>	<u>\$ 13,629,175</u>

State of Washington

NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Motor Vehicle	Multimodal Transportation	Central Administrative and Regulatory	Human Services
REVENUES				
Retail sales and use taxes	\$ —	\$ 110,184	\$ 25,350	\$ —
Business and occupation taxes	—	—	—	504
Excise taxes	3,179	3,560	—	530,302
Motor vehicle and fuel taxes	1,532,049	7,702	44	—
Other taxes	25,007	—	165,929	45,713
Licenses, permits, and fees	708,899	393,848	396,296	563,787
Other contracts and grants	37,454	64,306	2,916	96,042
Timber sales	—	—	4,417	—
Federal grants-in-aid	579,409	427,341	522,996	225,307
Charges for services	279,260	103,483	103,040	165,802
Investment income (loss)	44,775	30,867	40,389	15,375
Miscellaneous revenue	43,291	124,212	85,974	301,453
Total Revenues	3,253,323	1,265,503	1,347,351	1,944,285
EXPENDITURES				
Current:				
General government	4,936	1,090	853,860	278,177
Human services	—	—	10,200	1,250,781
Natural resources and recreation	1,376	—	34,123	1,566
Transportation	1,736,210	805,971	52,337	12,638
Education	262	225	50,699	57,761
Intergovernmental	243,036	14,264	132,741	24,625
Capital outlays	1,580,266	139,654	21,921	12,938
Debt service:				
Principal	2,403	—	5,307	250
Interest	1,779	—	722	299
Total Expenditures	3,570,268	961,204	1,161,910	1,639,035
Excess of Revenues Over (Under) Expenditures	(316,945)	304,299	185,441	305,250
OTHER FINANCING SOURCES (USES)				
Bonds issued	90,165	—	—	—
Issuance premiums	15,069	—	—	—
Right-to-use lease acquisition	9,938	1,771	12,864	2,945
Transfers in	2,102,965	1,022,114	226,278	150,210
Transfers out	(1,526,435)	(1,993,890)	(164,013)	(212,847)
Total Other Financing Sources (Uses)	691,702	(970,005)	75,129	(59,692)
Net Change in Fund Balances	374,757	(665,706)	260,570	245,558
Fund Balances - Beginning, as restated	2,054,360	1,576,253	583,381	2,021,425
Fund Balances - Ending	\$ 2,429,117	\$ 910,547	\$ 843,951	\$ 2,266,983

State of Washington

Wildlife and Natural Resources	Local Construction and Loan	Total
\$ 95	\$ —	\$ 135,629
2,890	—	3,394
5,183	370,676	912,900
18,918	—	1,558,713
279,329	8,871	524,849
188,098	119	2,251,047
4,078	—	204,796
78,648	48,922	131,987
56,170	—	1,811,223
19,187	2,060	672,832
14,107	(1,745)	143,768
1,030,019	60,346	1,645,295
<u>1,696,722</u>	<u>489,249</u>	<u>9,996,433</u>
1,170	12,402	1,151,635
4,133	—	1,265,114
712,111	4,220	753,396
5,622	106	2,612,884
3,068	125,519	237,534
84	—	414,750
35,488	2	1,790,269
2,059	—	10,019
295	—	3,095
<u>764,030</u>	<u>142,249</u>	<u>8,238,696</u>
<u>932,692</u>	<u>347,000</u>	<u>1,757,737</u>
—	—	90,165
—	—	15,069
5,271	—	32,789
166,698	8,046	3,676,311
(118,879)	(35,742)	(4,051,806)
<u>53,090</u>	<u>(27,696)</u>	<u>(237,472)</u>
985,782	319,304	1,520,265
2,160,718	792,302	9,188,439
<u>\$ 3,146,500</u>	<u>\$ 1,111,606</u>	<u>\$ 10,708,704</u>

NONMAJOR SPECIAL REVENUE FUNDS
**Combining Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**
 For the Biennium Ended June 30, 2023
(expressed in thousands)

	Motor Vehicle			
	Original Budget	Final Budget	Actual	Variance with Final Budget
	2021-2023 Biennium	2021-2023 Biennium	2021-2023 Biennium	
Budgetary Fund Balance, July 1, as restated	\$ 1,141,158	\$ 1,141,158	\$ 1,141,158	\$ —
Resources				
Taxes	3,417,167	3,235,771	2,680,244	(555,527)
Licenses, permits, and fees	1,380,212	1,468,587	1,325,198	(143,389)
Other contracts and grants	78,970	117,924	70,164	(47,760)
Timber sales	—	—	20	20
Federal grants-in-aid	1,275,376	1,362,908	1,059,815	(303,093)
Charges for services	650,747	565,714	551,147	(14,567)
Investment income (loss)	36,933	37,189	65,555	28,366
Miscellaneous revenue	33,909	75,207	77,789	2,582
Transfers from other funds	—	24,750	4,455,312	4,430,562
Total Resources	8,014,472	8,029,208	11,426,402	3,397,194
Charges To Appropriations				
General government	29,018	15,781	10,789	4,992
Human services	—	—	—	—
Natural resources and recreation	2,954	3,380	2,814	566
Transportation	2,263,722	2,658,001	2,313,904	344,097
Education	150	550	333	217
Capital outlays	5,563,063	6,381,363	3,698,155	2,683,208
Transfers to other funds	—	—	3,129,568	(3,129,568)
Total Charges To Appropriations	7,858,907	9,059,075	9,155,563	(96,488)
Excess Available For Appropriation Over (Under) Charges To Appropriations	155,565	(1,029,867)	2,270,839	3,300,706
Reconciling Items				
Debt service	—	—	—	—
Bond sale proceeds	2,609,718	115,000	132,490	17,490
Issuance premiums	—	—	28,461	28,461
Noncash activity (net)	—	—	(54,258)	(54,258)
Nonappropriated fund balances	—	—	7,458	7,458
Changes in reserves (net)	—	—	(16,212)	(16,212)
Total Reconciling Items	2,609,718	115,000	97,939	(17,061)
Budgetary Fund Balance, June 30	\$ 2,765,283	\$ (914,867)	\$ 2,368,778	\$ 3,283,645

State of Washington

Continued

Multimodal Transportation				Central Administrative and Regulatory			
Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget	Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget
\$ 481,617	\$ 481,617	\$ 481,617	\$ —	\$ 352,525	\$ 352,525	\$ 352,525	\$ —
191,077	233,555	205,216	(28,339)	214,311	72,137	32,172	(39,965)
724,050	749,125	719,383	(29,742)	737,803	799,488	636,619	(162,869)
266	822	273	(549)	2,214	67,090	9	(67,081)
—	—	—	—	4,752	6,270	6,691	421
80,514	250,521	230,507	(20,014)	927,714	1,735,422	1,306,074	(429,348)
234,281	181,965	196,277	14,312	150,722	329,191	37,230	(291,961)
13,258	14,500	25,489	10,989	19,655	85,597	67,513	(18,084)
61,362	158,335	140,726	(17,609)	216,161	145,374	49,289	(96,085)
718	—	2,494,802	2,494,802	44,977	312,183	244,959	(67,224)
1,787,143	2,070,440	4,494,290	2,423,850	2,670,834	3,905,277	2,733,081	(1,172,196)
1,245	5,460	1,758	3,702	1,404,578	2,518,674	1,762,265	756,409
—	—	—	—	14,669	22,648	15,221	7,427
—	—	—	—	51,410	98,165	52,384	45,781
816,716	1,346,128	712,724	633,404	84,807	134,359	89,951	44,408
—	450	225	225	544	1,088	331	757
260,127	418,144	149,382	268,762	11,637	20,626	4,199	16,427
—	—	2,807,607	(2,807,607)	278,722	327,804	345,863	(18,059)
1,078,088	1,770,182	3,671,696	(1,901,514)	1,846,367	3,123,364	2,270,214	853,150
709,055	300,258	822,594	522,336	824,467	781,913	462,867	(319,046)
—	—	1	1	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	(19,837)	(19,837)	—	—	44,514	44,514
—	—	109,206	109,206	—	—	289,993	289,993
—	—	(1,705)	(1,705)	—	—	40,699	40,699
—	—	87,665	87,665	—	—	375,206	375,206
\$ 709,055	\$ 300,258	\$ 910,259	\$ 610,001	\$ 824,467	\$ 781,913	\$ 838,073	\$ 56,160

State of Washington

NONMAJOR SPECIAL REVENUE FUNDS
**Combining Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**
 For the Biennium Ended June 30, 2023
(expressed in thousands)

	Human Services			
	Original Budget	Final Budget	Actual	Variance with
	2021-2023 Biennium	2021-2023 Biennium	2021-2023 Biennium	
Budgetary Fund Balance, July 1, as restated	\$ 1,556,947	\$ 1,556,947	\$ 1,556,947	\$ —
Resources				
Taxes	1,206,199	6,852,348	1,159,938	(5,692,410)
Licenses, permits, and fees	1,196,985	1,146,166	1,139,362	(6,804)
Other contracts and grants	149,428	4,716	3,001	(1,715)
Timber sales	—	—	—	—
Federal grants-in-aid	680,305	2,759,888	407,863	(2,352,025)
Charges for services	262,711	762,754	405,202	(357,552)
Investment income (loss)	408	5,435	8,178	2,743
Miscellaneous revenue	224,771	428,315	259,909	(168,406)
Transfers from other funds	531,202	795,387	250,317	(545,070)
Total Resources	5,808,956	14,311,956	5,190,717	(9,121,239)
Charges To Appropriations				
General government	557,382	1,267,602	382,885	884,717
Human services	2,099,784	2,181,264	1,830,200	351,064
Natural resources and recreation	3,844	3,884	2,989	895
Transportation	25,413	32,551	24,636	7,915
Education	1,855	3,041	1,759	1,282
Capital outlays	167,085	336,084	107,710	228,374
Transfers to other funds	1,094,189	1,061,814	981,650	80,164
Total Charges To Appropriations	3,949,552	4,886,240	3,331,829	1,554,411
Excess Available For Appropriation Over (Under) Charges To Appropriations	1,859,404	9,425,716	1,858,888	(7,566,828)
Reconciling Items				
Noncash activity (net)	—	—	194,440	194,440
Nonappropriated fund balances	—	—	204,060	204,060
Changes in reserves (net)	—	—	9,595	9,595
Total Reconciling Items	—	—	408,095	408,095
Budgetary Fund Balance, June 30	\$ 1,859,404	\$ 9,425,716	\$ 2,266,983	\$ (7,158,733)

State of Washington

Concluded

Wildlife and Natural Resources				Local Construction and Loan			
Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget	Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget
\$ 1,857,733	\$ 1,857,733	\$ 1,857,733	\$ —	\$ 701,230	\$ 701,230	\$ 701,230	\$ —
602,114	726,301	602,858	(123,443)	50,401	67,795	422,247	354,452
622,065	427,510	245,452	(182,058)	172	176	1	(175)
9,989	6,936	6,034	(902)	—	1	1	—
188,678	174,040	107,479	(66,561)	28,902	70,488	79,978	9,490
141,110	1,297,952	82,243	(1,215,709)	—	(2,927)	—	2,927
28,919	82,137	29,346	(52,791)	6,000	6,000	5,869	(131)
1,157	91,757	16,852	(74,905)	432	873	5,360	4,487
697,652	1,149,243	1,382,195	232,952	432,426	335,335	240,127	(95,208)
120,618	268,264	275,486	7,222	14,722	14,347	16,005	1,658
4,270,035	6,081,873	4,605,678	(1,476,195)	1,234,285	1,193,318	1,470,818	277,500
1,258	1,525	923	602	15,308	15,500	13,593	1,907
10,015	13,069	7,158	5,911	—	—	—	—
952,043	1,076,308	879,827	196,481	8,450	16,928	7,478	9,450
1,533	11,548	6,545	5,003	—	—	—	—
4,300	6,391	4,315	2,076	—	—	—	—
1,403,530	1,722,789	517,296	1,205,493	524,665	654,953	236,150	418,803
84,382	102,094	211,969	(109,875)	166,660	69,177	65,496	3,681
2,457,061	2,933,724	1,628,033	1,305,691	715,083	756,558	322,717	433,841
1,812,974	3,148,149	2,977,645	(170,504)	519,202	436,760	1,148,101	711,341
—	—	(15,174)	(15,174)	—	—	(2,358)	(2,358)
—	—	120,521	120,521	—	—	7,644	7,644
—	—	62,927	62,927	—	—	(41,781)	(41,781)
—	—	168,274	168,274	—	—	(36,495)	(36,495)
\$ 1,812,974	\$ 3,148,149	\$ 3,145,919	\$ (2,230)	\$ 519,202	\$ 436,760	\$ 1,111,606	\$ 674,846

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Nonmajor Debt Service Funds

Debt Service Funds account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the state's bonds issued in support of governmental activities. Debt Service Funds are described below:

General Obligation Bond Fund

The General Obligation Bond Fund accounts for the accumulation of resources for, and the payment of, non-transportation related general obligation bond principal and interest.

Transportation General Obligation Bond Fund

The Transportation General Obligation Bond Fund accounts for the accumulation of resources for, and the

payment of, transportation general obligation bond principal and interest.

Tobacco Settlement Securitization Bond Fund

The Tobacco Settlement Securitization Bond Fund accounts for the accumulation of resources for, and the payment of, principal and interest on revenue bonds issued by the Tobacco Settlement Authority, a blended component unit of the state.

Transportation Revenue Bond Fund

The Transportation Revenue Bond Fund accounts for the accumulation of resources for, and the payment of, transportation revenue bond principal and interest.

NONMAJOR DEBT SERVICE FUNDS

Combining Balance Sheet

June 30, 2023

(expressed in thousands)

	General Obligation Bond	Transportation General Obligation Bond	Tobacco Settlement Securitization Bond	Transportation Revenue Bond	Total
ASSETS					
Cash and cash equivalents	\$ 29,379	\$ 310,548	\$ 241	\$ 5,435	\$ 345,603
Receivables (net of allowance)	2,009	1,251	16,033	—	19,293
Due from other funds	1,729	1,698	—	4	3,431
Restricted cash and investments	—	—	29,753	—	29,753
Total Assets	\$ 33,117	\$ 313,497	\$ 46,027	\$ 5,439	\$ 398,080
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued liabilities	\$ 67	\$ 894	\$ 11	\$ —	\$ 972
Due to other funds	—	1,856	—	400	2,256
Total Liabilities	67	2,750	11	400	3,228
FUND BALANCES					
Restricted fund balance	—	—	46,016	5,150	51,166
Committed fund balance	33,050	310,747	—	—	343,797
Unassigned fund balance	—	—	—	(111)	(111)
Total Fund Balances	33,050	310,747	46,016	5,039	394,852
Total Liabilities and Fund Balances	\$ 33,117	\$ 313,497	\$ 46,027	\$ 5,439	\$ 398,080

NONMAJOR DEBT SERVICE FUNDS
**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**

For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	General Obligation Bond	Transportation General Obligation Bond	Tobacco Settlement Securitization Bond	Transportation Revenue Bond	Total
REVENUES					
Charges for services	\$ 27,540	\$ —	\$ —	\$ —	\$ 27,540
Investment income (loss)	1,422	3,090	—	(20)	4,492
Miscellaneous revenue	638	33,109	34,065	—	67,812
Total Revenues	29,600	36,199	34,065	(20)	99,844
EXPENDITURES					
Current:					
General government	—	—	129	—	129
Debt service:					
Principal	754,035	364,107	26,735	108,625	1,253,502
Interest	654,954	353,778	3,033	41,667	1,053,432
Total Expenditures	1,408,989	717,885	29,897	150,292	2,307,063
Excess of Revenues Over (Under) Expenditures	(1,379,389)	(681,686)	4,168	(150,312)	(2,207,219)
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	828,715	514,350	—	—	1,343,065
Payments to escrow agents for refunded bond debt	(946,968)	(589,635)	—	—	(1,536,603)
Issuance premiums	119,963	77,198	—	—	197,161
Transfers in	1,410,064	691,840	—	150,401	2,252,305
Transfers out	(46,362)	—	—	(83)	(46,445)
Total Other Financing Sources (Uses)	1,365,412	693,753	—	150,318	2,209,483
Net Change in Fund Balances	(13,977)	12,067	4,168	6	2,264
Fund Balances - Beginning, as restated	47,027	298,680	41,848	5,033	392,588
Fund Balances - Ending	\$ 33,050	\$ 310,747	\$ 46,016	\$ 5,039	\$ 394,852

NONMAJOR DEBT SERVICE FUNDS
**Combining Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**
 For the Biennium Ended June 30, 2023
(expressed in thousands)

	General Obligation Bond			
	Original Budget	Final Budget	Actual	Variance with
	2021-2023 Biennium	2021-2023 Biennium	2021-2023 Biennium	
Budgetary Fund Balance, July 1, as restated	\$ 295	\$ 295	\$ 295	\$ —
Resources				
Charges for services	15,062	55,254	—	(55,254)
Investment income (loss)	80	345	—	(345)
Miscellaneous revenue	27	—	—	—
Transfers from other funds	99,119	157,122	86,346	(70,776)
Total Resources	114,583	213,016	86,641	(126,375)
Charges To Appropriations				
General government	87,788	87,703	86,346	1,357
Transfers to other funds	28,060	71,892	—	71,892
Total Charges To Appropriations	115,848	159,595	86,346	73,249
Excess Available For Appropriation Over (Under) Charges To Appropriations	(1,265)	53,421	295	(53,126)
Reconciling Items				
Debt service	—	(97)	(3,360)	(3,263)
Proceeds of refunding bonds	—	(2,909)	1,822,375	1,825,284
Payments to escrow agents for refunded bond debt	—	—	(2,025,239)	(2,025,239)
Issuance premiums	—	3,006	206,224	203,218
Noncash activity (net)	—	—	(1,424)	(1,424)
Nonappropriated fund balances	—	—	34,179	34,179
Total Reconciling Items	—	—	32,755	32,755
Budgetary Fund Balance, June 30	\$ (1,265)	\$ 53,421	\$ 33,050	\$ (20,371)

State of Washington

Transportation General Obligation Bond				Transportation Revenue Bond			
Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget	Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget
\$ 286,303	\$ 286,303	\$ 286,303	\$ —	\$ 5,129	\$ 5,129	\$ 5,129	\$ —
—	—	—	—	—	—	—	—
248	—	4,777	4,777	61	73	—	(73)
47,889	—	56,067	56,067	—	—	—	—
1,662,766	1,484,516	1,412,291	(72,225)	311,039	296,168	300,921	4,753
1,997,206	1,770,819	1,759,438	(11,381)	316,229	301,370	306,050	4,680
1,512,713	1,448,170	1,440,781	7,389	300,877	300,877	300,703	174
—	—	—	—	—	—	167	(167)
1,512,713	1,448,170	1,440,781	7,389	300,877	300,877	300,870	7
484,493	322,649	318,657	(3,992)	15,352	493	5,180	4,687
—	—	(3,160)	(3,160)	—	(355)	(355)	—
—	—	1,147,450	1,147,450	—	(4,896)	118,155	123,051
—	—	(1,283,886)	(1,283,886)	—	—	(123,051)	(123,051)
—	—	139,597	139,597	—	5,251	5,251	—
—	—	(7,911)	(7,911)	—	—	(141)	(141)
—	—	—	—	—	—	—	—
—	—	(7,910)	(7,910)	—	—	(141)	(141)
\$ 484,493	\$ 322,649	\$ 310,747	\$ (11,902)	\$ 15,352	\$ 493	\$ 5,039	\$ 4,546

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Nonmajor Capital Projects Funds

Capital Projects Funds account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of major state-owned capital facilities (other than highway infrastructure or those financed by proprietary funds). The Capital Projects Funds are as follows:

State Facilities Fund

The State Facilities Fund accounts for the acquisition, construction, and remodeling of state buildings.

Higher Education Facilities Fund

The Higher Education Facilities Fund accounts for the acquisition, construction, and remodeling of higher education facilities.

State of Washington

NONMAJOR CAPITAL PROJECTS FUNDS

Combining Balance Sheet

June 30, 2023

(expressed in thousands)

	State Facilities	Higher Education Facilities	Total
ASSETS			
Cash and cash equivalents	\$ 143,594	\$ 60,038	\$ 203,632
Receivables (net of allowance)	18,880	28,972	47,852
Due from other funds	27,814	4,621	32,435
Due from other governments	9,796	7	9,803
Restricted cash and investments	14,149	6	14,155
Total Assets	\$ 214,233	\$ 93,644	\$ 307,877
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 77,582	\$ 13,236	\$ 90,818
Accrued liabilities	40,385	26,870	67,255
Due to other funds	45,623	14,485	60,108
Due to other governments	23,374	—	23,374
Unearned revenue	1,172	4,615	5,787
Total Liabilities	188,136	59,206	247,342
DEFERRED INFLOWS OF RESOURCES	11,737	10,876	22,613
FUND BALANCES			
Committed fund balance	14,360	23,562	37,922
Total Fund Balances	14,360	23,562	37,922
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 214,233	\$ 93,644	\$ 307,877

NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	State Facilities	Higher Education Facilities	Total
REVENUES			
Other contracts and grants	\$ 13	\$ 7,536	\$ 7,549
Timber sales	11,817	2	11,819
Federal grants-in-aid	7,940	—	7,940
Charges for services	—	73,276	73,276
Investment income (loss)	17	1,219	1,236
Miscellaneous revenue	5,653	1,452	7,105
Total Revenues	25,440	83,485	108,925
EXPENDITURES			
Current:			
General government	284,356	—	284,356
Human services	8,981	—	8,981
Natural resources and recreation	255,212	—	255,212
Transportation	155	—	155
Education	299,214	194,637	493,851
Capital outlays	716,824	155,308	872,132
Debt service:			
Principal	—	16,065	16,065
Interest	—	13,429	13,429
Total Expenditures	1,564,742	379,439	1,944,181
Excess of Revenues Over (Under) Expenditures	(1,539,302)	(295,954)	(1,835,256)
OTHER FINANCING SOURCES (USES)			
Bonds issued	1,246,830	—	1,246,830
Issuance premiums	209,395	—	209,395
Other debt issued	—	31,681	31,681
Transfers in	892	235,720	236,612
Transfers out	(4,763)	(35,625)	(40,388)
Total Other Financing Sources (Uses)	1,452,354	231,776	1,684,130
Net Change in Fund Balances	(86,948)	(64,178)	(151,126)
Fund Balances - Beginning as restated	101,308	87,740	189,048
Fund Balances - Ending	\$ 14,360	\$ 23,562	\$ 37,922

State of Washington

NONMAJOR CAPITAL PROJECTS FUNDS
**Combining Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**
 For the Biennium Ended June 30, 2023
(expressed in thousands)

	State Facilities			
	Original Budget	Final Budget	Actual	Variance with
	2021-2023 Biennium	2021-2023 Biennium	2021-2023 Biennium	
Budgetary Fund Balance, July 1, as restated	\$ (105,445)	\$ (105,445)	\$ (105,445)	\$ —
Resources				
Other contracts and grants	—	—	13	13
Timber sales	14,865	14,551	17,232	2,681
Federal grants-in-aid	—	983	7,940	6,957
Charges for services	—	—	—	—
Investment income (loss)	18	34	174	140
Miscellaneous revenue	8,288	11,084	9,713	(1,371)
Transfers from other funds	1,650	3,208	3,766	558
Total Resources	(80,624)	(75,585)	(66,607)	8,978
Charges To Appropriations				
General government	15,009	16,792	6,970	9,822
Education	—	—	—	—
Capital outlays	5,931,565	6,512,952	3,070,281	3,442,671
Transfers to other funds	94,336	106,220	9,736	96,484
Total Charges To Appropriations	6,040,910	6,635,964	3,086,987	3,548,977
Excess Available For Appropriation Over (Under) Charges To Appropriations	(6,121,534)	(6,711,549)	(3,153,594)	3,557,955
Reconciling Items				
Bond sale proceeds	6,495,548	3,680,994	2,547,053	(1,133,941)
Issuance premiums	—	512,748	606,138	93,390
Noncash activity (net)	—	—	943	943
Nonappropriated fund balances	—	—	13,840	13,840
Changes in reserves (net)	—	—	(20)	(20)
Total Reconciling Items	6,495,548	4,193,742	3,167,954	(1,025,788)
Budgetary Fund Balance, June 30	\$ 374,014	\$ (2,517,807)	\$ 14,360	\$ 2,532,167

State of Washington

Higher Education Facilities				
Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget	
\$ 29,917	\$ 29,917	\$ 29,917	\$	—
—	—	—	—	—
—	1,000	2	—	(998)
—	—	—	—	—
175,111	164,326	145,644	—	(18,682)
4,091	311	1,586	—	1,275
668	318	777	—	459
96,377	135,565	155,912	—	20,347
<u>306,164</u>	<u>331,437</u>	<u>333,838</u>	—	<u>2,401</u>
—	—	—	—	—
26,354	26,354	24,307	—	2,047
270,548	272,802	232,149	—	40,653
6,827	7,939	34,208	—	(26,269)
<u>303,729</u>	<u>307,095</u>	<u>290,664</u>	—	<u>16,431</u>
2,435	24,342	43,174	—	18,832
—	—	—	—	—
—	—	—	—	—
—	—	(1,114)	—	(1,114)
—	—	(16,578)	—	(16,578)
(1,920)	(1,920)	(1,920)	—	—
<u>(1,920)</u>	<u>(1,920)</u>	<u>(19,612)</u>	—	<u>(17,692)</u>
<u>\$ 515</u>	<u>\$ 22,422</u>	<u>\$ 23,562</u>	<u>\$</u>	<u>1,140</u>

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Nonmajor Enterprise Funds

Enterprise Funds account for any activity for which a fee is charged to external users for goods or services. If an activity's principal revenue source meets any one of the following criteria, it is required to be reported as an enterprise fund: (1) an activity financed with debt that is secured solely by pledge of the net revenues from fees and charges for the activity; (2) laws or regulations which require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues; or (3) pricing policies which establish fees and charges designed to recover the activity's costs, including capital costs. The Nonmajor Enterprise Funds are as follows:

Lottery Fund

The Lottery Fund accounts for lottery ticket revenues, administrative and operating expenses of the Lottery Commission, and the distribution of revenue.

Institutional Fund

The Institutional Fund accounts for the enterprise activities carried out through vocational/education programs at state institutions.

Guaranteed Education Tuition Program Fund

The Guaranteed Education Tuition Program Fund accounts for the guaranteed college tuition program.

Paid Family and Medical Leave Compensation Fund

The Paid Family and Medical Leave Compensation Fund accounts for the family and medical leave insurance program.

Other Activities Fund

The Other Activities Fund accounts for the operation of the pollution liability insurance program, the judicial information system, the local Certificate of Participation (COP) financing program, the local government audit program, and the Secretary of State's corporate public records program.

State of Washington

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Net Position

June 30, 2023
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 26,508	\$ 1,964	\$ 2,465
Investments	12,570	—	40,487
Taxes receivable (net of allowance)	—	—	—
Receivables (net of allowance)	32,918	583	16,179
Due from other funds	35,552	20,233	15
Due from other governments	538	1,148	—
Inventories	343	11,987	—
Prepaid expenses	92	503	—
Total Current Assets	108,521	36,418	59,146
Noncurrent Assets:			
Investments, noncurrent	84,641	—	1,589,671
Restricted net pension asset	2,669	6,742	520
Other noncurrent assets	5	—	61,729
Capital assets:			
Land and other non-depreciable assets	—	1,540	—
Buildings	—	12,828	—
Other improvements	1,338	4,807	—
Furnishings, equipment, and intangibles	1,456	18,939	17
Lease assets	5,119	—	575
Subscription assets	161	3,898	—
Accumulated depreciation and amortization	(4,582)	(19,329)	(343)
Construction in progress	—	—	—
Total Noncurrent Assets	90,807	29,425	1,652,169
Total Assets	199,328	65,843	1,711,315
DEFERRED OUTFLOWS OF RESOURCES			
	4,015	11,280	830
Total Assets and Deferred Outflows of Resources	\$ 203,343	\$ 77,123	\$ 1,712,145

State of Washington

Continued

Paid Family and Medical Leave Compensation	Other Activities	Total
\$ 207,103	\$ 97,042	\$ 335,082
—	—	53,057
—	2,106	2,106
473,118	987	523,785
1,165	12,173	69,138
—	6,535	8,221
—	106	12,436
—	116	711
<u>681,386</u>	<u>119,065</u>	<u>1,004,536</u>
—	—	1,674,312
6,631	13,608	30,170
—	—	61,734
—	—	1,540
—	—	12,828
—	76	6,221
68,606	36,088	125,106
456	2,281	8,431
286	36	4,381
(10,354)	(11,432)	(46,040)
—	2,543	2,543
<u>65,625</u>	<u>43,200</u>	<u>1,881,226</u>
<u>747,011</u>	<u>162,265</u>	<u>2,885,762</u>
<u>21,834</u>	<u>22,685</u>	<u>60,644</u>
<u>\$ 768,845</u>	<u>\$ 184,950</u>	<u>\$ 2,946,406</u>

State of Washington

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Net Position

June 30, 2023
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 7,700	\$ 11,441	\$ 79
Accrued liabilities	66,256	3,056	103,526
Obligations under security lending agreements	—	—	17,451
Bonds and notes payable	673	981	116
Total OPEB liability	106	265	19
Due to other funds	50,622	220	142
Due to other governments	21	291	—
Unearned revenue	1,209	—	—
Claims and judgments payable	—	—	—
Total Current Liabilities	126,587	16,254	121,333
Noncurrent Liabilities:			
Claims and judgments payable	—	—	—
Bonds and notes payable	2,160	1,235	136
Net pension liability	1,532	3,875	298
Total OPEB Liability	4,112	10,240	744
Other long-term liabilities	89,343	2,477	1,039,231
Total Noncurrent Liabilities	97,147	17,827	1,040,409
Total Liabilities	223,734	34,081	1,161,742
DEFERRED INFLOWS OF RESOURCES	6,419	19,080	1,491
NET POSITION			
Net investment in capital assets	659	20,494	(3)
Restricted for:			
Pensions	2,927	8,183	615
Unrestricted	(30,396)	(4,715)	548,300
Total Net Position	(26,810)	23,962	548,912
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 203,343	\$ 77,123	\$ 1,712,145

State of Washington

Concluded

Paid Family and Medical Leave Compensation	Other Activities	Total
\$ 1,193	\$ 5,314	\$ 25,727
6,428	19,439	198,705
—	—	17,451
95	583	2,448
263	461	1,114
1,802	65,331	118,117
—	6,785	7,097
49,381	2	50,592
256,146	12,796	268,942
315,308	110,711	690,193
—	11,891	11,891
125	705	4,361
3,838	7,839	17,382
10,175	17,813	43,084
793	3,988	1,135,832
14,931	42,236	1,212,550
330,239	152,947	1,902,743
14,591	29,971	71,552
58,775	28,304	108,229
8,455	15,276	35,456
356,785	(41,548)	828,426
424,015	2,032	972,111
\$ 768,845	\$ 184,950	\$ 2,946,406

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Revenues, Expenses,
and Changes in Net Position

For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
OPERATING REVENUES			
Sales	\$ —	\$ 120,170	\$ —
Less: Cost of goods sold	—	(85,333)	—
Gross profit	—	34,837	—
Charges for services	2,704	3,167	44,041
Premiums and assessments	—	—	—
Lottery ticket proceeds	1,003,446	—	—
Miscellaneous revenue	208	7	152
Total Operating Revenues	1,006,358	38,011	44,193
OPERATING EXPENSES			
Salaries and wages	9,865	23,995	3,055
Employee benefits	2,268	5,825	347
Personal services	14,290	—	885
Goods and services	107,413	1,081	402
Travel	392	163	28
Premiums and claims	—	—	—
Guaranteed education tuition program expense	—	—	74,034
Lottery prize payments	618,834	—	—
Depreciation and amortization	816	1,554	115
Miscellaneous expenses	32	—	—
Total Operating Expenses	753,910	32,618	78,866
Operating Income (Loss)	252,448	5,393	(34,673)
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	(1,426)	—	117,242
Interest expense	(2,488)	47	(3)
Tax and license revenue	10	—	—
Other revenues (expenses)	—	(9)	—
Total Nonoperating Revenues (Expenses)	(3,904)	38	117,239
Income (Loss) Before Transfers	248,544	5,431	82,566
Transfers in	—	—	—
Transfers out	(253,122)	—	—
Net Transfers	(253,122)	—	—
Change in Net Position	(4,578)	5,431	82,566
Net Position - Beginning, as restated	(22,232)	18,531	466,346
Net Position - Ending	\$ (26,810)	\$ 23,962	\$ 548,912

State of Washington

Paid Family and Medical Leave Compensation	Other Activities	Total
\$ —	\$ 282	\$ 120,452
—	(141)	(85,474)
—	141	34,978
—	44,438	94,350
1,512,321	28,371	1,540,692
—	—	1,003,446
52	5,702	6,121
<u>1,512,373</u>	<u>78,652</u>	<u>2,679,587</u>
32,146	53,321	122,382
12,048	11,877	32,365
3,068	11,047	29,290
7,059	22,775	138,730
72	406	1,061
1,574,285	—	1,574,285
—	—	74,034
—	—	618,834
5,480	1,162	9,127
14,867	27	14,926
<u>1,649,025</u>	<u>100,615</u>	<u>2,615,034</u>
<u>(136,652)</u>	<u>(21,963)</u>	<u>64,553</u>
(2,474)	1,080	114,422
(5)	(12)	(2,461)
—	14,588	14,598
—	539	530
<u>(2,479)</u>	<u>16,195</u>	<u>127,089</u>
<u>(139,131)</u>	<u>(5,768)</u>	<u>191,642</u>
200,000	15,924	215,924
—	(13,399)	(266,521)
<u>200,000</u>	<u>2,525</u>	<u>(50,597)</u>
60,869	(3,243)	141,045
363,146	5,275	831,066
<u>\$ 424,015</u>	<u>\$ 2,032</u>	<u>\$ 972,111</u>

State of Washington

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,003,959	\$ 114,727	\$ 64,031
Payments to suppliers	(742,789)	(81,057)	(84,193)
Payments to employees	(13,505)	(33,599)	(3,755)
Other receipts	207	6	150
Net Cash Provided (Used) by Operating Activities	<u>247,872</u>	<u>77</u>	<u>(23,767)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	—	—	—
Transfers out	(253,122)	—	—
Operating grants and donations received	—	—	—
Taxes and license fees collected	10	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(253,112)</u>	<u>—</u>	<u>—</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(26)	(87)	(3)
Principal payments on long-term capital financing	(627)	(881)	(114)
Proceeds from sale of capital assets	—	232	—
Acquisitions of capital assets	(217)	(3,041)	—
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(870)</u>	<u>(3,777)</u>	<u>(117)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	—	—	18,785
Proceeds from sale of investment securities	16,416	—	139,006
Purchases of investment securities	(4,666)	—	(133,856)
Net Cash Provided (Used) by Investing Activities	<u>11,750</u>	<u>—</u>	<u>23,935</u>
Net Increase (Decrease) in Cash and Pooled Investments	5,640	(3,700)	51
Cash and cash equivalents, July 1	20,868	5,664	2,414
Cash and cash equivalents, June 30	<u>\$ 26,508</u>	<u>\$ 1,964</u>	<u>\$ 2,465</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 252,448	\$ 5,393	\$ (34,673)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	816	1,554	115
Revenue reduced for uncollectible accounts	33	—	—
Change in Assets: Decrease (Increase)			
Receivables	(2,489)	(4,800)	19,990
Inventories	(34)	739	—
Prepaid expenses	(92)	(303)	—
Other assets	4,301	13,298	1,109
Change in Deferred Outflows of Resources: Increase (Decrease)	(2,136)	(3,919)	(373)
Change in Liabilities: Increase (Decrease)			
Payables	(2,476)	(4,261)	(9,091)
Change in Deferred Inflows of Resources: Decrease (Increase)	(2,499)	(7,624)	(844)
Net Cash Provided (Used) by Operating Activities	<u>\$ 247,872</u>	<u>\$ 77</u>	<u>\$ (23,767)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Acquisition of capital assets through financing arrangements	\$ 495	\$ 1,180	\$ —
Amortization of annuity prize liability	2,462	—	—
Increase (decrease) in fair value of investments	(4,522)	—	98,095
Amortization of debt premium/discount	3,096	134	—

State of Washington

Paid Family and Medical Leave Compensation	Other Activities	Total
\$ 1,364,376	\$ 70,320	\$ 2,617,413
(1,332,645)	(52,903)	(2,293,587)
(44,648)	(70,410)	(165,917)
52	5,692	6,107
(12,865)	(47,301)	164,016
200,000	15,924	215,924
—	(13,399)	(266,521)
—	465	465
—	15,917	15,927
200,000	18,907	(34,205)
(5)	(11)	(132)
(918)	(515)	(3,055)
—	—	232
(7,250)	(9,676)	(20,184)
(8,173)	(10,202)	(23,139)
375	761	19,921
—	—	155,422
—	—	(138,522)
375	761	36,821
179,337	(37,835)	143,493
27,766	134,877	191,589
\$ 207,103	\$ 97,042	\$ 335,082
\$ (136,652)	\$ (21,963)	\$ 64,553
5,480	1,162	9,127
14,599	—	14,632
(152,534)	(2,772)	(142,605)
—	(13)	692
—	(100)	(495)
8,486	21,383	48,577
(3,082)	(12,353)	(21,863)
254,465	(19,311)	219,326
(3,627)	(13,334)	(27,928)
\$ (12,865)	\$ (47,301)	\$ 164,016
\$ —	\$ —	\$ 1,675
—	—	2,462
(3,691)	318	90,200
—	—	3,230

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Internal Service Funds

Internal Service Funds account for state activities that provide goods and services to other state departments or agencies on a cost-reimbursement basis. The Internal Service Funds are described below:

General Services Fund

The General Services Fund accounts for the cost of providing the following services to state agencies: (1) legal services; (2) state Certificate of Participation (COP) financing program; (3) facilities, equipment and related services; (4) printing; (5) audits of state agencies; (6) administration of the state civil service law and labor relations; (7) administrative hearings; and (8) archives and records management.

Data Processing Revolving Fund

The Data Processing Revolving Fund accounts for the distribution of the full cost of data processing and data

communication services to other state agencies, and for the payment of other costs incidental to the acquisition, operation, and administration of acquired data processing services, supplies, and equipment.

Higher Education Revolving Fund

The Higher Education Revolving Fund accounts for stores, data processing, and other support service activities at colleges and universities.

Risk Management Fund

The Risk Management Fund administers tort and sundry claims filed against Washington state agencies, except for the University of Washington and the Washington State Department of Transportation Ferries Division.

INTERNAL SERVICE FUNDS
Combining Statement of Net Position

June 30, 2023
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 178,066	\$ 78,742	\$ 572,825
Investments	—	—	692
Receivables (net of allowance)	8,379	26	77,551
Due from other funds	78,506	21,360	4,597
Due from other governments	67,147	151	1,092
Inventories	12,467	—	12,326
Prepaid expenses	7,024	7,348	9,428
Restricted cash and investments	97,390	—	—
Restricted receivables	523	—	—
Total Current Assets	449,502	107,627	678,511
Noncurrent Assets:			
Investments, noncurrent	—	—	20,599
Restricted net pension asset	61,251	14,159	17,242
Capital assets:			
Land and other non-depreciable assets	4,742	—	2,533
Buildings	246,203	286,781	40,131
Other improvements	12,866	1,581	608
Furnishings, equipment, and intangibles	880,922	132,432	168,110
Infrastructure	2,035	—	135
Lease assets	141,898	343	37,974
Subscription assets	2,119	158,315	27,390
Accumulated depreciation and amortization	(621,762)	(292,804)	(213,806)
Construction in progress	3,030	68,910	—
Total Noncurrent Assets	733,304	369,717	100,916
Total Assets	1,182,806	477,344	779,427
DEFERRED OUTFLOWS OF RESOURCES			
	98,086	20,909	29,946
Total Assets and Deferred Outflows of Resources	\$ 1,280,892	\$ 498,253	\$ 809,373

State of Washington

Continued

Risk Management	Total		
\$	—	\$	829,633
	—		692
	—		85,956
	1,273		105,736
	91,252		159,642
	—		24,793
	248		24,048
	—		97,390
	—		523
	92,773		1,328,413
	—		20,599
	404		93,056
	—		7,275
	—		573,115
	—		15,055
	—		1,181,464
	—		2,170
	—		180,215
	1,651		189,475
	(302)		(1,128,674)
	—		71,940
	1,753		1,205,690
	94,526		2,534,103
	588		149,529
\$	95,114	\$	2,683,632

State of Washington

INTERNAL SERVICE FUNDS
Combining Statement of Net Position

June 30, 2023
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 23,064	\$ 14,918	\$ 13,856
Accrued liabilities	37,825	3,265	91,973
Bonds and notes payable	123,855	42,558	14,971
Total OPEB liability	2,282	370	666
Due to other funds	11,401	2,177	24,512
Due to other governments	3,306	—	1,157
Unearned revenue	6,694	—	70
Claims and judgments payable	—	—	72,595
Total Current Liabilities	208,427	63,288	219,800
Noncurrent Liabilities:			
Claims and judgments payable	—	—	157,509
Bonds and notes payable	337,570	321,903	47,103
Net pension liability	35,480	8,175	15,447
Total OPEB Liability	88,140	14,297	25,740
Unearned revenue	2,101	—	—
Other long-term liabilities	23,482	5,284	6,109
Total Noncurrent Liabilities	486,773	349,659	251,908
Total Liabilities	695,200	412,947	471,708
DEFERRED INFLOWS OF RESOURCES	137,565	30,413	63,201
NET POSITION			
Net investment in capital assets	279,357	(7,505)	1,000
Restricted for:			
Pensions	68,831	14,864	18,246
Unrestricted	99,939	47,534	255,218
Total Net Position	448,127	54,893	274,464
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,280,892	\$ 498,253	\$ 809,373

State of Washington

Concluded

Risk Management	Total
\$ 23	\$ 51,861
78	133,141
265	181,649
16	3,334
138,244	176,334
—	4,463
—	6,764
215,634	288,229
354,260	845,775
1,302,528	1,460,037
1,110	707,686
232	59,334
609	128,786
—	2,101
229	35,104
1,304,708	2,393,048
1,658,968	3,238,823
944	232,123
(25)	272,827
476	102,417
(1,565,249)	(1,162,558)
(1,564,798)	(787,314)
\$ 95,114	\$ 2,683,632

INTERNAL SERVICE FUNDS
**Combining Statement of Revenues, Expenses,
 and Changes in Net Position**

For the Fiscal Year Ended June 30, 2023
 (expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
OPERATING REVENUES			
Sales	\$ 36,057	\$ —	\$ 11,415
Less: Cost of goods sold	(29,665)	—	(10,126)
Gross profit	6,392	—	1,289
Charges for services	427,640	210,601	329,578
Premiums and assessments	392	—	—
Miscellaneous revenue	177,948	17,394	12,942
Total Operating Revenues	612,372	227,995	343,809
OPERATING EXPENSES			
Salaries and wages	232,604	48,507	110,702
Employee benefits	54,188	7,122	12,332
Personal services	11,395	9,974	16,538
Goods and services	176,645	122,687	150,219
Travel	3,204	222	1,567
Premiums and claims	—	—	10,977
Depreciation and amortization	87,380	34,291	21,664
Miscellaneous expenses	133	—	120
Total Operating Expenses	565,549	222,803	324,119
Operating Income (Loss)	46,823	5,192	19,690
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	1,516	—	7,766
Interest expense	(5,297)	(8,962)	(1,512)
Tax and license revenue	15	—	—
Other revenues (expenses)	(11)	6	688
Total Nonoperating Revenues (Expenses)	(3,777)	(8,956)	6,942
Income (Loss) Before Contributions and Transfers	43,046	(3,764)	26,632
Capital contributions	44,850	—	—
Transfers in	15,767	9,000	17,983
Transfers out	(385)	(16)	(27,106)
Net Contributions and Transfers	60,232	8,984	(9,123)
Change in Net Position	103,278	5,220	17,509
Net Position - Beginning, as restated	344,849	49,673	256,955
Net Position - Ending	\$ 448,127	\$ 54,893	\$ 274,464

State of Washington

Risk Management	Total
\$ —	\$ 47,472
—	(39,791)
—	7,681
2,993	970,812
274,750	275,142
2	208,286
277,745	1,461,921
1,586	393,399
333	73,975
8,795	46,702
33,514	483,065
16	5,009
228,244	239,221
302	143,637
3	256
272,793	1,385,264
4,952	76,657
—	9,282
(11)	(15,782)
—	15
—	683
(11)	(5,802)
4,941	70,855
—	44,850
217,343	260,093
—	(27,507)
217,343	277,436
222,284	348,291
(1,787,082)	(1,135,605)
\$ (1,564,798)	\$ (787,314)

State of Washington

INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 459,474	\$ 213,614	\$ 306,075
Payments to suppliers	(230,595)	(131,715)	(226,042)
Payments to employees	(314,122)	(63,496)	(147,079)
Other receipts	178,340	17,394	12,943
Net Cash Provided (Used) by Operating Activities	<u>93,097</u>	<u>35,797</u>	<u>(54,103)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	15,767	9,000	17,983
Transfers out	(385)	(16)	(27,106)
Operating grants and donations received	129	—	50
Taxes and license fees collected	14	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	<u>15,525</u>	<u>8,984</u>	<u>(9,073)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(8,025)	(10,685)	(1,643)
Principal payments on long-term capital financing	(52,427)	(28,200)	(13,852)
Proceeds from long-term capital financing	50,902	—	1,577
Proceeds from sale of capital assets	5,096	347	22,474
Acquisitions of capital assets	(101,701)	(30,153)	(12,894)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(106,155)</u>	<u>(68,691)</u>	<u>(4,338)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	1,634	—	13,371
Proceeds from sale of investment securities	—	—	7,730
Purchases of investment securities	—	—	(5,470)
Net Cash Provided (Used) by Investing Activities	<u>1,634</u>	<u>—</u>	<u>15,631</u>
Net Increase (Decrease) in Cash and Pooled Investments	4,101	(23,910)	(51,883)
Cash and cash equivalents, July 1	271,355	102,652	624,708
Cash and cash equivalents, June 30	<u>\$ 275,456</u>	<u>\$ 78,742</u>	<u>\$ 572,825</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 46,823	\$ 5,192	\$ 19,690
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	87,380	34,291	21,664
Revenue reduced for uncollectible accounts	(8)	—	(1)
Change in Assets: Decrease (Increase)			
Receivables	(7,904)	3,012	(34,987)
Inventories	(1,418)	—	(270)
Prepaid expenses	(1,006)	75	(67)
Other assets	98,849	22,481	29,897
Change in Deferred Outflows of Resources: Increase (Decrease)	<u>(46,216)</u>	<u>(10,412)</u>	<u>(5,025)</u>
Change in Liabilities: Increase (Decrease)			
Payables	(24,440)	(1,391)	(51,906)
Change in Deferred Inflows of Resources: Decrease (Increase)	<u>(58,963)</u>	<u>(17,451)</u>	<u>(33,098)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 93,097</u>	<u>\$ 35,797</u>	<u>\$ (54,103)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets	\$ 44,850	\$ —	\$ —
Acquisition of capital assets through financing arrangements	9,529	156,425	10,869
Increase (decrease) in fair value of investments	(118)	—	(1,034)
Amortization of debt premium/discount	4,437	1,723	7

State of Washington

Risk Management	Total
\$ 188,477	\$ 1,167,640
(403,418)	(991,770)
(2,116)	(526,813)
2	208,679
(217,055)	(142,264)
217,343	260,093
—	(27,507)
—	179
—	14
217,343	232,779
(11)	(20,364)
(277)	(94,756)
—	52,479
—	27,917
—	(144,748)
(288)	(179,472)
—	15,005
—	7,730
—	(5,470)
—	17,265
—	(71,692)
—	998,715
\$ —	\$ 927,023
\$ 4,952	\$ 76,657
302	143,637
—	(9)
(89,266)	(129,145)
—	(1,688)
(14)	(1,012)
753	151,980
(266)	(61,919)
(133,023)	(210,760)
(493)	(110,005)
\$ (217,055)	\$ (142,264)
\$ —	\$ 44,850
—	176,823
—	(1,152)
—	6,167

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Fiduciary Funds

Fiduciary Funds account for assets held in a trustee or agent capacity for outside parties, including individuals, private organizations, and other governments.

PENSION FUNDS

Pension (and other Employee Benefit) Trust Funds are used to report resources that are required to be held in trust by the state for the members and beneficiaries of defined benefit pension plans, defined contribution pension plans, and other employee benefit plans. Refer to Note 15, Retirement Plans, for a description of the individual pension plans.

Public Employees' Retirement System Plan 1 Fund

The Public Employees' Retirement System (PERS) Plan 1 Fund provides benefits for state and local government employees who are members of this closed cost-sharing, multiple-employer defined benefit pension plan.

Public Employees' Retirement System Plan 2/3 Fund

The Public Employees' Retirement System (PERS) Plan 2/3 Fund provides the defined benefit portion of benefits for state and local government employees who are members of Plan 2, a cost-sharing, multiple-employer defined benefit pension plan, and Plan 3, a combination defined benefit/defined contribution plan.

Public Employees' Retirement System Plan 3 Fund

The Public Employees' Retirement System (PERS) Plan 3 fund provides the defined contribution portion of benefits for state and local government employees who are members of this combination defined benefit/defined contribution plan.

Teachers' Retirement System Plan 1 Fund

The Teachers' Retirement System (TRS) Plan 1 Fund provides benefits for certificated public school instructors, administrators, or supervisors who are members of this closed cost-sharing, multiple-employer defined benefit pension plan.

Teachers' Retirement System Plan 2/3 Fund

The Teachers' Retirement System (TRS) Plan 2/3 Fund provides the defined benefit portion of benefits for certificated public school instructors, administrators, or supervisors who are members of Plan 2, a cost-sharing, multiple-employer defined benefit pension plan, and

Plan 3, a combination defined benefit/defined contribution plan.

Teachers' Retirement System Plan 3 Fund

The Teachers' Retirement System (TRS) Plan 3 fund provides the defined contribution portion of benefits for certificated public school instructors, administrators, or supervisors who are members of this combination defined benefit/defined contribution plan.

School Employees' Retirement System Plan 2/3 Fund

The School Employees' Retirement System (SERS) Plan 2/3 Fund provides the defined benefit portion of benefits for classified employees of public school districts and educational service districts who are members of Plan 2, a cost-sharing, multiple-employer defined benefit pension plan, or Plan 3, a combination defined benefit/defined contribution plan.

School Employees' Retirement System Plan 3 Fund

The School Employees' Retirement System (SERS) Plan 3 Fund provides the defined contribution portion of benefits for classified employees of public school districts and educational service districts who are members of this combination defined benefit/defined contribution plan.

Law Enforcement Officers' and Firefighters' Retirement System Plan 1 Fund

The Law Enforcement Officers' and Firefighters' (LEOFF) Retirement System Plan 1 Fund provides benefits for full-time, fully compensated local law enforcement officers and firefighters who are members of this closed cost-sharing, defined benefit pension plan.

Law Enforcement Officers' and Firefighters' Retirement System Plan 2 Fund

The Law Enforcement Officers' and Firefighters' (LEOFF) Retirement System Plan 2 Fund provides benefits for full-time, fully compensated local law enforcement officers and firefighters who are members of this cost-sharing, defined benefit pension plan.

Washington State Patrol Retirement System Plan 1/2 Fund

The Washington State Patrol Retirement System (WSPRS) Plan 1/2 Fund provides benefits for commissioned officers of the Washington State Patrol who are members of this single-employer, defined benefit pension plan.

**Public Safety Employees' Retirement System
Plan 2 Fund**

The Public Safety Employees' Retirement System (PSERS) Plan 2 fund provides benefits for state and local government employees in criminal justice or criminal custodial positions who are members of this cost-sharing, multiple-employer defined benefit pension plan.

Judicial Retirement System Fund

The Judicial Retirement System (JRS) Fund provides benefits for judges of the state Supreme Court, Court of Appeals, and Superior Courts who are members of this closed single-employer, defined-benefit pension plan.

Judicial Retirement Account Fund

The Judicial Retirement Account (JRA) Fund provides benefits for judges of the state Supreme Court, Court of Appeals, and Superior Courts who are members of this defined contribution pension plan.

Judges' Retirement Fund

The Judges' Retirement Fund (JRF) provides benefits for judges of the state Supreme Court, Court of Appeals, and Superior Courts who are members of this closed single-employer, defined-benefit pension plan.

**Volunteer Firefighters' and Reserve Officers'
Retirement Fund**

The Volunteer Firefighters' and Reserve Officers' (VFFRPF) Retirement Fund provides benefits to volunteer firefighters of electing municipalities of the state who are members of this cost-sharing, multiple-employer defined benefit pension plan.

Deferred Compensation Fund

The Deferred Compensation Fund is an optional program offered to Washington state employees. The fund provides additional income to participants upon retirement.

Higher Education Retirement Plan Funds

The Higher Education Retirement Plan Funds provide benefits for state institutions of higher education faculty and other positions as designated by each employer who are members of this supplemental defined benefit plan. The University of Washington (UW), Washington State University (WSU), Eastern Washington University (EWU), Central Washington University (CWU), the Evergreen State College (TESC), Western Washington University (WWU), and the State Board for Community and Technical Colleges (SBCTC) each participate in a separate plan.

CUSTODIAL FUNDS

Custodial Funds account for resources held by the state in a custodial capacity for other governments, private organizations, or individuals. The Custodial Funds are described below:

Local Government Distributions Fund

The Local Government Distributions Fund accounts for the receipt and allocation of taxes and fees imposed by local governments.

Retiree Health Insurance Fund

The Retiree Health Insurance Fund accounts for premiums collected and payments for retiree insurance benefits.

Other Custodial Fund

The Other Custodial Fund accounts for (1) assets held for employees, foster children, inmates, patients, and residents of state institutions; (2) the local government share of contracted timber sales; and (3) monies held under other custodial responsibilities of the state.

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2023
 (expressed in thousands)

	PERS Plan 1	PERS Plan 2/3 Defined Benefit	PERS Plan 3 Defined Contribution	TRS Plan 1	Continued TRS Plan 2/3 Defined Benefit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ —	\$ —	\$ 464	\$ —	\$ 222
Receivables:					
Employer accounts receivable	342	80,937	9,932	133	54,937
Member accounts receivable (net of allowance)	1,015	2,883	—	568	316
Due from other pension and other employee benefit funds	49,438	3,350	1,732	39,778	7,389
Interest and dividends	23,388	157,441	6,707	17,705	63,064
Investment trades pending	1,083,470	7,375,093	314,131	819,006	2,954,139
Other receivables, all other funds	38	47	—	31	45
Total Receivables	1,157,691	7,619,751	332,502	877,221	3,079,890
Investments, Noncurrent:					
Liquidity	128,695	852,976	44,652	347,748	365,137
Fixed income	1,386,344	9,436,736	401,944	1,047,952	3,779,943
Public equity	2,303,519	15,679,870	2,510,198	1,741,254	6,280,670
Private equity	2,671,110	18,182,038	774,438	2,019,120	7,282,928
Real estate	1,948,568	13,263,747	564,950	1,472,942	5,312,877
Tangible assets	635,377	4,324,961	184,215	480,288	1,732,390
Innovations	103,765	706,320	30,085	78,437	282,921
Total Investments, Noncurrent	9,177,378	62,446,648	4,510,482	7,187,741	25,036,866
Security lending collateral	14,410	98,089	4,178	10,893	39,290
Total Assets	10,349,479	70,164,488	4,847,626	8,075,855	28,156,268
DEFERRED OUTFLOWS OF RESOURCES	19	72	—	7	69
Total Assets and Deferred Outflows of Resources	\$ 10,349,498	\$ 70,164,560	\$ 4,847,626	\$ 8,075,862	\$ 28,156,337
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Accrued liabilities	\$ 1,109,535	\$ 7,524,425	\$ 329,719	\$ 840,044	\$ 3,017,028
Obligations under security lending agreements	14,410	98,089	4,178	10,893	39,290
Due to other pension and other employee benefit funds	—	40,714	3,350	—	39,778
Unearned revenues	222	717	—	2	27
Total Liabilities	1,124,167	7,663,945	337,247	850,939	3,096,123
DEFERRED INFLOWS OF RESOURCES	60	110	—	18	41
NET POSITION					
Net position restricted for:					
Pensions	9,225,271	62,500,505	4,510,379	7,224,905	25,060,173
Deferred compensation participants	—	—	—	—	—
Total Net Position	9,225,271	62,500,505	4,510,379	7,224,905	25,060,173
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 10,349,498	\$ 70,164,560	\$ 4,847,626	\$ 8,075,862	\$ 28,156,337

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2023
 (expressed in thousands)

Continued

	TRS Plan 3 Defined Contribution	SERS Plan 2/3 Defined Benefit	SERS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ 16,501	\$ 890	\$ 3,572	\$ 603	\$ —
Receivables:					
Employer accounts receivable	35,544	20,100	8,005	—	23,979
Member accounts receivable (net of allowance)	—	151	—	447	258
Due from other pension and other employee benefit funds	—	—	—	—	—
Interest and dividends	19,868	23,712	5,009	17,432	51,929
Investment trades pending	930,357	1,110,623	234,511	811,572	2,432,120
Other receivables, all other funds	—	21	—	3	13
Total Receivables	985,769	1,154,607	247,525	829,454	2,508,299
Investments, Noncurrent:					
Liquidity	134,361	135,186	33,214	93,277	276,927
Fixed income	1,190,430	1,421,088	300,066	1,038,441	3,111,998
Public equity	6,562,572	2,361,247	1,219,885	1,725,449	5,170,827
Private equity	2,293,636	2,738,051	578,147	2,000,793	5,995,979
Real estate	1,673,202	1,997,401	421,757	1,459,573	4,374,051
Tangible assets	545,587	651,300	137,524	475,929	1,426,263
Innovations	89,101	106,365	22,459	77,725	232,927
Total Investments, Noncurrent	12,488,889	9,410,638	2,713,052	6,871,187	20,588,972
Security lending collateral	12,374	14,771	3,119	10,794	32,347
Total Assets	13,503,533	10,580,906	2,967,268	7,712,038	23,129,618
DEFERRED OUTFLOWS OF RESOURCES	—	10	—	9	75
Total Assets and Deferred Outflows of Resources	\$ 13,503,533	\$ 10,580,916	\$ 2,967,268	\$ 7,712,047	\$ 23,129,693
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Accrued liabilities	\$ 968,835	\$ 1,134,022	\$ 246,319	\$ 827,352	\$ 2,480,203
Obligations under security lending agreements	12,374	14,771	3,119	10,794	32,347
Due to other pension and other employee benefit funds	7,389	5,267	2,303	—	—
Unearned revenues	—	2	—	—	50
Total Liabilities	988,598	1,154,062	251,741	838,146	2,512,600
DEFERRED INFLOWS OF RESOURCES	—	11	—	12	105
NET POSITION					
Net position restricted for:					
Pensions	12,514,935	9,426,843	2,715,527	6,873,889	20,616,988
Deferred compensation participants	—	—	—	—	—
Total Net Position	12,514,935	9,426,843	2,715,527	6,873,889	20,616,988
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,503,533	\$ 10,580,916	\$ 2,967,268	\$ 7,712,047	\$ 23,129,693

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2023
 (expressed in thousands)

Continued

	WSPRS Plan 1/2	PSERS Plan 2	JRS	JRA	Judges
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ 750	\$ 500	\$ 8,974	\$ 11	\$ 1,439
Receivables:					
Employer accounts receivable	1,351	4,728	—	—	—
Member accounts receivable (net of allowance)	4	5	11	—	—
Due from other pension and other employee benefit funds	—	—	—	—	—
Interest and dividends	4,536	3,634	—	—	—
Investment trades pending	211,457	169,923	—	—	—
Other receivables, all other funds	5	2	51	—	8
Total Receivables	217,353	178,292	62	—	8
Investments, Noncurrent:					
Liquidity	26,477	26,948	(181)	—	(29)
Fixed income	270,568	217,423	—	—	—
Public equity	449,571	361,266	—	7,985	—
Private equity	521,314	418,917	—	—	—
Real estate	380,297	305,599	—	—	—
Tangible assets	124,004	99,648	—	—	—
Innovations	20,252	16,274	—	—	—
Total Investments, Noncurrent	1,792,483	1,446,075	(181)	7,985	(29)
Security lending collateral	2,813	2,260	—	—	—
Total Assets	2,013,399	1,627,127	8,855	7,996	1,418
DEFERRED OUTFLOWS OF RESOURCES	14	6	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 2,013,413	\$ 1,627,133	\$ 8,855	\$ 7,996	\$ 1,418
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Accrued liabilities	\$ 215,711	\$ 173,374	\$ 25	\$ 1	\$ 4
Obligations under security lending agreements	2,813	2,260	—	—	—
Due to other pension and other employee benefit funds	—	2,887	—	—	—
Unearned revenues	—	—	—	—	—
Total Liabilities	218,524	178,521	25	1	4
DEFERRED INFLOWS OF RESOURCES	12	8	—	—	—
NET POSITION					
Net position restricted for:					
Pensions	1,794,877	1,448,604	8,830	7,995	1,414
Deferred compensation participants	—	—	—	—	—
Total Net Position	1,794,877	1,448,604	8,830	7,995	1,414
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,013,413	\$ 1,627,133	\$ 8,855	\$ 7,996	\$ 1,418

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2023
 (expressed in thousands)

	VFFRPF	Deferred Compensation	UW Supplemental Plan	WSU Supplemental Plan	Continued EWU Supplemental Plan
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ 8,142	\$ 5,425	\$ —	\$ —	\$ 8
Receivables:					
Employer accounts receivable	—	17	679	38	—
Member accounts receivable (net of allowance)	—	773	—	—	—
Due from other pension and other employee benefit funds	—	—	—	—	—
Interest and dividends	1	—	281	53	10
Investment trades pending	—	—	13,130	2,471	489
Other receivables, all other funds	42	20	—	—	—
Total Receivables	43	810	14,090	2,562	499
Investments, Noncurrent:					
Liquidity	992	(108)	2,174	358	72
Fixed income	64,292	—	16,800	3,163	624
Public equity	167,556	6,182,270	27,915	5,254	1,039
Private equity	—	—	32,370	6,093	1,205
Real estate	—	—	23,614	4,445	879
Tangible assets	—	—	7,700	1,449	287
Innovations	—	—	1,257	237	47
Total Investments, Noncurrent	232,840	6,182,162	111,830	20,999	4,153
Security lending collateral	—	—	175	33	6
Total Assets	241,025	6,188,397	126,095	23,594	4,666
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 241,025	\$ 6,188,397	\$ 126,095	\$ 23,594	\$ 4,666
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Accrued liabilities	\$ 3,734	\$ 2,502	\$ 13,385	\$ 2,519	\$ 498
Obligations under security lending agreements	—	—	175	33	6
Due to other pension and other employee benefit funds	—	—	—	—	—
Unearned revenues	—	—	—	—	—
Total Liabilities	3,734	2,502	13,560	2,552	504
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	—
NET POSITION					
Net position restricted for:					
Pensions	237,291	—	112,535	21,042	4,162
Deferred compensation participants	—	6,185,895	—	—	—
Total Net Position	237,291	6,185,895	112,535	21,042	4,162
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 241,025	\$ 6,188,397	\$ 126,095	\$ 23,594	\$ 4,666

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2023
 (expressed in thousands)

					Concluded
	CWU Supplemental Plan	TESC Supplemental Plan	WWU Supplemental Plan	SBCTC Supplemental Plan	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ —	\$ —	\$ 23	\$ —	\$ 47,524
Receivables:					
Employer accounts receivable	—	—	—	43	240,765
Member accounts receivable (net of allowance)	—	—	—	—	6,431
Due from other pension and other employee benefit funds	—	—	—	—	101,687
Interest and dividends	11	4	15	91	394,891
Investment trades pending	494	185	720	4,277	18,468,168
Other receivables, all other funds	—	—	—	—	326
Total Receivables	505	189	735	4,411	19,212,268
Investments, Noncurrent:					
Liquidity	73	26	83	594	2,469,652
Fixed income	632	236	921	5,473	23,695,074
Public equity	1,050	393	1,530	9,094	52,770,414
Private equity	1,218	455	1,774	10,545	45,530,131
Real estate	889	332	1,294	7,693	33,214,110
Tangible assets	290	108	422	2,508	10,830,250
Innovations	47	18	69	410	1,768,716
Total Investments, Noncurrent	4,199	1,568	6,093	36,317	170,278,347
Security lending collateral	7	3	10	57	245,629
Total Assets	4,711	1,760	6,861	40,785	189,783,768
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	281
Total Assets and Deferred Outflows of Resources	\$ 4,711	\$ 1,760	\$ 6,861	\$ 40,785	\$189,784,049
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Accrued liabilities	\$ 504	\$ 187	\$ 734	\$ 4,360	\$ 18,895,020
Obligations under security lending agreements	7	3	10	57	245,629
Due to other pension and other employee benefit funds	—	—	—	—	101,688
Unearned revenues	—	—	—	—	1,020
Total Liabilities	511	190	744	4,417	19,243,357
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	377
NET POSITION					
Net position restricted for:					
Pensions	4,200	1,570	6,117	36,368	164,354,420
Deferred compensation participants	—	—	—	—	6,185,895
Total Net Position	4,200	1,570	6,117	36,368	170,540,315
Total Liabilities Deferred Inflows of Resources, and Net Position	\$ 4,711	\$ 1,760	\$ 6,861	\$ 40,785	\$189,784,049

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2023
 (expressed in thousands)

Continued

	PERS Plan 1	PERS Plan 2/3 Defined Benefit	PERS Plan 3 Defined Contribution	TRS Plan 1	TRS Plan 2/3 Defined Benefit
ADDITIONS					
Contributions:					
Employers	\$ 686,071	\$ 881,292	\$ —	\$ 541,149	\$ 677,726
Members	3,660	729,663	210,672	609	216,776
State	—	—	—	250,000	—
Participants	—	—	—	—	—
Total Contributions	689,731	1,610,955	210,672	791,758	894,502
Investment Income:					
Net appreciation (depreciation) in fair value	469,082	3,177,969	311,595	354,293	1,271,535
Interest and dividends	181,814	1,195,607	60,244	137,012	474,461
Less: investment expenses	(41,636)	(277,640)	(13,137)	(31,374)	(111,298)
Net investment income (loss)	609,260	4,095,936	358,702	459,931	1,634,698
Transfers from other plans	—	25,140	1,722	—	52,867
Other additions	—	1	—	—	—
Total Additions	1,298,991	5,732,032	571,096	1,251,689	2,582,067
DEDUCTIONS					
Pension benefits	1,164,027	1,991,785	—	862,717	655,126
Pension refunds	1,848	70,026	166,505	1,005	8,257
Transfers to other plans	—	2,516	25,086	—	1,255
Administrative expenses	857	754	—	231	502
Distributions to participants	—	—	—	—	—
Total Deductions	1,166,732	2,065,081	191,591	863,953	665,140
Net Increase (Decrease)	132,259	3,666,951	379,505	387,736	1,916,927
Net Position - Beginning	9,093,012	58,833,554	4,130,874	6,837,169	23,143,246
Net Position - Ending	\$ 9,225,271	\$ 62,500,505	\$ 4,510,379	\$ 7,224,905	\$ 25,060,173

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2023
 (expressed in thousands)

Continued

	TRS Plan 3 Defined Contribution	SERS Plan 2/3 Defined Benefit	SERS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2
ADDITIONS					
Contributions:					
Employers	\$ —	\$ 244,110	\$ —	\$ —	\$ 138,382
Members	443,688	128,779	100,561	—	243,838
State	—	—	—	—	87,966
Participants	—	—	—	—	—
Total Contributions	443,688	372,889	100,561	—	470,186
Investment Income:					
Net appreciation (depreciation) in fair value	853,079	478,010	166,185	351,315	1,047,044
Interest and dividends	170,274	178,669	42,684	137,835	397,237
Less: investment expenses	(38,234)	(41,769)	(9,295)	(31,716)	(93,665)
Net investment income (loss)	985,119	614,910	199,574	457,434	1,350,616
Transfers from other plans	1,144	14,585	832	—	261
Other additions	—	—	—	—	—
Total Additions	1,429,951	1,002,384	300,967	457,434	1,821,063
DEDUCTIONS					
Pension benefits	—	312,159	—	571,951	802,500
Pension refunds	622,606	9,775	146,043	529	12,975
Transfers to other plans	52,744	864	14,565	—	—
Administrative expenses	—	88	—	254	596
Distributions to participants	—	—	—	—	—
Total Deductions	675,350	322,886	160,608	572,734	816,071
Net Increase (Decrease)	754,601	679,498	140,359	(115,300)	1,004,992
Net Position - Beginning	11,760,334	8,747,345	2,575,168	6,989,189	19,611,996
Net Position - Ending	\$ 12,514,935	\$ 9,426,843	\$ 2,715,527	\$ 6,873,889	\$ 20,616,988

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2023
 (expressed in thousands)

Continued

	WSPRS Plan 1/2	PSERS Plan 2	JRS	JRA	Judges
ADDITIONS					
Contributions:					
Employers	\$ 20,863	\$ 50,818	\$ —	\$ —	\$ —
Members	11,160	51,120	—	—	—
State	—	—	6,700	—	300
Participants	—	—	—	—	—
Total Contributions	32,023	101,938	6,700	—	300
Investment Income:					
Net appreciation (depreciation) in fair value	91,346	72,632	(28)	605	(5)
Interest and dividends	34,871	26,776	221	16	31
Less: investment expenses	(8,040)	(6,188)	—	(9)	—
Net investment income (loss)	118,177	93,220	193	612	26
Transfers from other plans	479	—	—	—	—
Other additions	—	—	—	50	—
Total Additions	150,679	195,158	6,893	662	326
DEDUCTIONS					
Pension benefits	84,341	10,403	6,621	762	230
Pension refunds	981	7,949	—	—	—
Transfers to other plans	—	—	—	—	—
Administrative expenses	30	3	—	—	—
Distributions to participants	—	—	—	—	—
Total Deductions	85,352	18,355	6,621	762	230
Net Increase (Decrease)	65,327	176,803	272	(100)	96
Net Position - Beginning	1,729,550	1,271,801	8,558	8,095	1,318
Net Position - Ending	\$ 1,794,877	\$ 1,448,604	\$ 8,830	\$ 7,995	\$ 1,414

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

Continued

	VFFRPF	Deferred Compensation	UW Supplemental Plan	WSU Supplemental Plan	EWU Supplemental Plan
ADDITIONS					
Contributions:					
Employers	\$ 705	\$ —	\$ 8,358	\$ 1,040	\$ 172
Members	37	—	—	—	—
State	4,053	—	—	—	—
Participants	—	431,525	—	—	—
Total Contributions	4,795	431,525	8,358	1,040	172
Investment Income:					
Net appreciation (depreciation) in fair value	25,477	507,233	5,605	1,058	210
Interest and dividends	77	8,605	2,058	391	78
Less: investment expenses	(85)	(6,714)	(475)	(90)	(18)
Net investment income (loss)	25,469	509,124	7,188	1,359	270
Transfers from other plans	—	—	—	—	—
Other additions	—	27,024	—	—	—
Total Additions	30,264	967,673	15,546	2,399	442
DEDUCTIONS					
Pension benefits	12,627	—	—	—	—
Pension refunds	19	—	—	—	—
Transfers to other plans	—	—	—	—	—
Administrative expenses	1,069	—	—	—	—
Distributions to participants	—	360,927	—	—	—
Total Deductions	13,715	360,927	—	—	—
Net Increase (Decrease)	16,549	606,746	15,546	2,399	442
Net Position - Beginning	220,742	5,579,149	96,989	18,643	3,720
Net Position - Ending	\$ 237,291	\$ 6,185,895	\$ 112,535	\$ 21,042	\$ 4,162

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

Concluded

	CWU Supplemental Plan	TESC Supplemental Plan	WWU Supplemental Pension	SBCTC Supplemental Pension	Total
ADDITIONS					
Contributions:					
Employers	\$ 178	\$ 46	\$ 234	\$ 862	\$ 3,252,006
Members	—	—	—	—	2,140,563
State	—	—	—	—	349,019
Participants	—	—	—	—	431,525
Total Contributions	178	46	234	862	6,173,113
Investment Income:					
Net appreciation (depreciation) in fair value	211	80	307	1,837	9,186,675
Interest and dividends	78	30	113	683	3,049,865
Less: investment expenses	(18)	(7)	(26)	(158)	(711,592)
Net investment income (loss)	271	103	394	2,362	11,524,948
Transfers from other plans	—	—	—	—	97,030
Other additions	—	—	—	—	27,075
Total Additions	449	149	628	3,224	17,822,166
DEDUCTIONS					
Pension benefits	—	—	—	—	6,475,249
Pension refunds	—	—	—	—	1,048,518
Transfers to other plans	—	—	—	—	97,030
Administrative expenses	—	—	—	—	4,384
Distributions to participants	—	—	—	—	360,927
Total Deductions	—	—	—	—	7,986,108
Net Increase (Decrease)	449	149	628	3,224	9,836,058
Net Position - Beginning	3,751	1,421	5,489	33,144	160,704,257
Net Position - Ending	\$ 4,200	\$ 1,570	\$ 6,117	\$ 36,368	\$ 170,540,315

State of Washington

CUSTODIAL FUNDS
Combining Statement of Fiduciary Net Position
 June 30, 2023
 (expressed in thousands)

	Local Government Distributions	Retiree Health Insurance	Other Custodial Funds	Total
ASSETS				
Cash and cash equivalents	\$ 11,342	\$ 17,642	\$ 243,849	\$ 272,833
Taxes receivable (net of allowance)	1,597,726	—	—	1,597,726
Other receivables	—	253	6,458	6,711
Due from other governments	2,565	23,134	881	26,580
Other noncurrent assets	81,399	—	35,730	117,129
Leased assets	—	—	5,621	5,621
Accumulated depreciation and amortization	—	—	(2,108)	(2,108)
Total Assets	\$ 1,693,032	\$ 41,029	\$ 290,431	\$ 2,024,492
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ —	\$ 5,719	\$ 2,023	\$ 7,742
Contracts payable	—	—	72	72
Accrued liabilities	—	1,647	39,933	41,580
Notes and leases payable	—	—	693	693
Due to other governments	656,000	—	8,349	664,349
Total Current Liabilities	656,000	7,366	51,070	714,436
Noncurrent Liabilities:				
Unearned revenue	—	—	2,930	2,930
Other long-term liabilities	—	—	7,637	7,637
Total Noncurrent Liabilities	—	—	10,567	10,567
Total Liabilities	\$ 656,000	\$ 7,366	\$ 61,637	\$ 725,003
NET POSITION				
Net position restricted for:				
Individuals, organizations, and other governments	1,037,032	33,663	228,794	1,299,489
Total Net Position	\$ 1,037,032	\$ 33,663	\$ 228,794	\$ 1,299,489

CUSTODIAL FUNDS
Combining Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Local Government Distributions	Retiree Health Insurance	Other Custodial Funds	Total
ADDITIONS				
Contributions:				
Participants	\$ —	\$ 838,447	\$ —	\$ 838,447
Total Contributions	—	838,447	—	838,447
Investment Income:				
Interest and dividends	—	—	3,442	3,442
Earnings on investments	(31)	—	462	431
Net investment income (loss)	(31)	—	3,904	3,873
Sales tax collections for other governments	8,185,373	—	—	8,185,373
Other additions	16,375	—	292,331	308,706
Total Additions	8,201,717	838,447	296,235	9,336,399
DEDUCTIONS				
Administrative expenses	—	—	4,600	4,600
Payments of sales tax to other governments	8,091,662	—	—	8,091,662
Payments on behalf of retirees for medical benefits	—	844,750	—	844,750
Other deductions	16,375	—	304,075	320,450
Total Deductions	8,108,037	844,750	308,675	9,261,462
Net Increase (Decrease)	93,680	(6,303)	(12,440)	74,937
Net Position - Beginning, as restated	943,352	39,966	241,234	1,224,552
Net Position - Ending	\$ 1,037,032	\$ 33,663	\$ 228,794	\$ 1,299,489

Nonmajor Component Units

Discrete component units are entities which are legally separate from the state but which are financially accountable to the state. The nonmajor component units are described below:

Washington State Housing Finance Commission

The Washington State Housing Finance Commission makes funds available to help provide housing throughout the state, and to finance or refinance nursing homes and capital facilities owned and operated by nonprofit corporations.

Washington Health Care Facilities Authority

The Washington Health Care Facilities Authority makes funds available to qualified, nonprofit health care facilities in the state.

Washington Higher Education Facilities Authority

The Washington Higher Education Facilities Authority provides funding to qualified, nonprofit higher education institutions in the state.

Washington Economic Development Finance Authority

The Washington Economic Development Finance Authority makes funds available to qualified, small and medium-sized businesses in the state for qualifying manufacturing and processing facilities and projects.

Public Stadium Authority

The Public Stadium Authority operates a football/soccer stadium, exhibition center, and parking garage.

NONMAJOR COMPONENT UNITS
Combining Statement of Net Position

June 30, 2023
(expressed in thousands)

	Housing Finance	Health Care Facilities	Higher Education Facilities	Economic Development Finance	Public Stadium Authority	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 372,184	\$ 321	\$ 1,061	\$ 1,555	\$ 35,348	\$ 410,469
Investments	60,394	3,300	—	—	—	63,694
Receivables (net of allowance)	18,975	278	—	—	10,827	30,080
Prepaid expenses	696	11	14	—	13	734
Total Current Assets	452,249	3,910	1,075	1,555	46,188	504,977
Noncurrent Assets:						
Restricted net pension asset	1,767	158	—	—	55	1,980
Other noncurrent assets	536,422	—	—	—	—	536,422
Capital assets:						
Land	—	—	—	—	34,677	34,677
Buildings	—	—	—	—	460,952	460,952
Other improvements	176	—	—	—	—	176
Furnishings, equipment, and intangible assets	2,592	—	—	—	10,359	12,951
Lease assets	2,296	206	—	—	12,318	14,820
Accumulated depreciation and amortization	(3,952)	(54)	—	—	(328,392)	(332,398)
Total Noncurrent Assets	539,301	310	—	—	189,969	729,580
Total Assets	991,550	4,220	1,075	1,555	236,157	1,234,557
DEFERRED OUTFLOWS OF RESOURCES	2,568	206	—	—	93	2,867
Total Assets and Deferred Outflows of Resources	\$ 994,118	\$ 4,426	\$ 1,075	\$ 1,555	\$ 236,250	\$1,237,424
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 1,353	\$ 22	\$ 89	\$ —	\$ 25	\$ 1,489
Accrued liabilities	45,517	134	—	—	5,405	51,056
Total OPEB liability	—	3	—	—	—	3
Lease and subscription liabilities	720	54	—	—	12,317	13,091
Unearned revenue	149,560	—	—	—	—	149,560
Total Current Liabilities	197,150	213	89	—	17,747	215,199
Noncurrent Liabilities:						
Net pension liability	1,199	91	—	—	—	1,290
Total OPEB liability	2,385	129	—	—	—	2,514
Lease and subscription liabilities	—	101	—	—	—	101
Other long-term liabilities	17,825	—	—	—	—	17,825
Total Noncurrent Liabilities	21,409	321	—	—	—	21,730
Total Liabilities	218,559	534	89	—	17,747	236,929
DEFERRED INFLOWS OF RESOURCES	3,996	270	—	—	51	4,317
NET POSITION						
Net investment in capital assets	1,808	(3)	—	—	177,597	179,402
Restricted for pensions	1,767	93	—	—	55	1,915
Restricted for other purposes	809	—	—	—	20,722	21,531
Unrestricted	767,179	3,532	986	1,555	20,078	793,330
Total Net Position	771,563	3,622	986	1,555	218,452	996,178
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 994,118	\$ 4,426	\$ 1,075	\$ 1,555	\$ 236,250	\$1,237,424

State of Washington

NONMAJOR COMPONENT UNITS
Combining Statement of Revenues, Expenses, and Changes in Net Position
 For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Housing Finance	Health Care Facilities	Higher Education Facilities	Economic Developmen t Finance	Public Stadium Authority	Total
EXPENSES	\$ 58,361	\$ 1,149	\$ 367	\$ 377	\$ 23,317	\$ 83,571
PROGRAM REVENUES						
Charges for services	51,151	1,067	447	744	1,355	54,764
Operating grants and contributions	39,407	—	—	—	—	39,407
Total Program Revenues	90,558	1,067	447	744	1,355	94,171
Net Program Revenues (Expense)	32,197	(82)	80	367	(21,962)	10,600
GENERAL REVENUES						
Earnings (loss) on investments	9,873	78	42	19	414	10,426
Property taxes	—	—	—	—	26,451	26,451
Total General Revenues	9,873	78	42	19	26,865	36,877
Change in Net Position	42,070	(4)	122	386	4,903	47,477
Net Position - Beginning, as restated	729,493	3,626	864	1,169	213,549	948,701
Net Position - Ending	\$ 771,563	\$ 3,622	\$ 986	\$ 1,555	\$ 218,452	\$ 996,178

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Individual Fund Schedules

State of Washington

COMBINING SCHEDULE FOR GENERAL FUND ACCOUNTS

Balance Sheet

June 30, 2023

(expressed in thousands)

	General Fund Basic Account	Administrative Accounts	Total
ASSETS			
Cash and cash equivalents	\$ 3,404,318	\$ 5,875,028	\$ 9,279,346
Investments	5,268	68	5,336
Taxes receivable (net of allowance)	5,514,756	—	5,514,756
Receivables (net of allowance)	1,083,063	19,096	1,102,159
Due from other funds	1,252,436	79,891	1,332,327
Due from other governments	1,764,577	126,409	1,890,986
Inventories and prepaids	18,930	—	18,930
Restricted cash and investments	2,285	22,991	25,276
Total Assets	\$ 13,045,633	\$ 6,123,483	\$ 19,169,116
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,121,793	\$ 90,672	\$ 2,212,465
Accrued liabilities	651,038	80,497	731,535
Due to other funds	(463,374)	798,042	334,668
Due to other governments	487,622	80,064	567,686
Unearned revenue	328,024	1,013,619	1,341,643
Claims and judgments payable	60,322	—	60,322
Total Liabilities	3,185,425	2,062,894	5,248,319
DEFERRED INFLOWS OF RESOURCES	3,753,319	3,200	3,756,519
FUND BALANCES			
Nonspendable fund balance	60,468	—	60,468
Restricted fund balance	—	692,162	692,162
Committed fund balance	—	3,365,227	3,365,227
Assigned fund balance	1,862,952	—	1,862,952
Unassigned fund balance	4,183,469	—	4,183,469
Total Fund Balances	6,106,889	4,057,389	10,164,278
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,045,633	\$ 6,123,483	\$ 19,169,116

State of Washington

COMBINING SCHEDULE FOR GENERAL FUND ACCOUNTS
Schedule of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2023

(expressed in thousands)

	General Fund Basic Account	Administrative Accounts	Total
REVENUES			
Retail sales and use taxes	\$ 15,830,246	\$ 401	\$ 15,830,647
Business and occupation taxes	6,239,099	—	6,239,099
Property taxes	4,484,192	—	4,484,192
Excise taxes	1,176,214	—	1,176,214
Motor vehicle and fuel taxes	317	7	324
Other taxes	2,407,313	—	2,407,313
Licenses, permits, and fees	157,522	5,411	162,933
Other contracts and grants	435,693	546	436,239
Timber sales	4,207	—	4,207
Federal grants-in-aid	20,617,696	2,911,751	23,529,447
Charges for services	63,325	591	63,916
Investment income (loss)	169,228	3,902	173,130
Miscellaneous revenue	312,839	3,418	316,257
Unclaimed property	170,984	—	170,984
Total Revenues	52,068,875	2,926,027	54,994,902
EXPENDITURES			
Current:			
General government	1,923,686	1,029,105	2,952,791
Human services	29,609,878	953,375	30,563,253
Natural resources and recreation	796,567	217,782	1,014,349
Transportation	68,882	27,181	96,063
Education	16,040,839	1,411,607	17,452,446
Intergovernmental	46,938	88,676	135,614
Capital outlays	197,850	73,310	271,160
Debt service:			
Principal	12,004	112	12,116
Interest	1,621	6	1,627
Total Expenditures	48,698,265	3,801,154	52,499,419
Excess of Revenues Over (Under) Expenditures	3,370,610	(875,127)	2,495,483
OTHER FINANCING SOURCES (USES)			
Bonds issued	—	190,120	190,120
Issuance premiums	—	171	171
Right-to-use lease acquisition	104,946	8,253	113,199
Transfers in	(2,523,855)	3,338,947	815,092
Transfers out	(2,429,647)	(300,034)	(2,729,681)
Total Other Financing Sources (Uses)	(4,848,556)	3,237,457	(1,611,099)
Net Change in Fund Balances	(1,477,946)	2,362,330	884,384
Fund Balances - Beginning as restated	7,584,835	1,695,059	9,279,894
Fund Balances - Ending	\$ 6,106,889	\$ 4,057,389	\$ 10,164,278

State of Washington

GENERAL FUND ACCOUNTS
**Schedule of Revenues, Expenditures, and
Other Financing Sources (Uses) - Budget and Actual**
For the Biennium Ended June 30, 2023
(expressed in thousands)

	General Fund Basic Account			
	Original Budget	Final Budget	Actual	Variance with
	2021-2023 Biennium	2021-2023 Biennium	2021-2023 Biennium	
Budgetary Fund Balance, July 1, as restated	\$ 3,664,998	\$ 3,664,998	\$ 3,664,998	\$ —
Resources				
Taxes	58,644,125	59,193,075	59,524,970	331,895
Licenses, permits, and fees	277,630	285,560	302,351	16,791
Other contracts and grants	1,124,503	1,172,232	792,413	(379,819)
Timber sales	9,136	9,384	9,494	110
Federal grants-in-aid	36,069,366	45,740,811	35,373,432	(10,367,379)
Charges for services	136,920	120,745	128,104	7,359
Investment income (loss)	138,017	234,312	259,537	25,225
Miscellaneous revenue	356,587	183,785	363,030	179,245
Unclaimed property	347,795	345,868	335,985	(9,883)
Transfers from other funds	959,746	999,010	1,064,809	65,799
Total Resources	101,728,823	111,949,780	101,819,123	(10,130,657)
Charges To Appropriations				
General government	8,905,299	13,695,074	10,470,019	3,225,055
Human services	47,154,818	51,615,196	50,476,444	1,138,752
Natural resources and recreation	1,138,613	2,118,008	1,392,302	725,706
Transportation	148,354	177,132	148,714	28,418
Education	33,618,900	36,542,574	32,689,895	3,852,679
Capital outlays	532,483	747,015	126,703	620,312
Transfers to other funds	2,205,782	2,205,782	2,421,730	(215,948)
Total Charges To Appropriations	93,704,249	107,100,781	97,725,807	9,374,974
Excess Available For Appropriation Over (Under) Charges To Appropriations	8,024,574	4,848,999	4,093,316	(755,683)
Reconciling Items				
Debt service	—	—	(42)	(42)
Bond sale proceeds	—	—	—	—
Issuance premiums	—	—	914	914
Refunding COPs issued	—	—	4,080	4,080
Assumed reversions	295,743	728,051	—	(728,051)
Working capital adjustment	—	—	38,000	38,000
Noncash activity (net)	—	—	(94,056)	(94,056)
Nonappropriated fund balances	—	—	—	—
Changes in reserves (net)	—	—	141,257	141,257
Total Reconciling Items	295,743	728,051	90,153	(637,898)
Budgetary Fund Balance, June 30	\$ 8,320,317	\$ 5,577,050	\$ 4,183,469	\$ (1,393,581)

State of Washington

Administrative Accounts in the General Fund

Original Budget	Final Budget	Actual	Variance with
2021-2023	2021-2023	2021-2023	Final Budget
Biennium	Biennium	Biennium	Final Budget
\$ 1,188,887	\$ 1,188,887	\$ 1,188,887	\$ —
(159,462)	4,410,033	(170,933)	(4,580,966)
4,726	14,870	3,675	(11,195)
—	15,296	—	(15,296)
—	—	—	—
5,186,081	5,509,077	4,481,018	(1,028,059)
21,999	64,347	34	(64,313)
1,594	8,256	14,561	6,305
(8,722)	77,297	(39,955)	(117,252)
—	—	—	—
2,178,917	4,482,744	3,754,246	(728,498)
8,414,020	15,770,807	9,231,533	(6,539,274)
1,659,237	3,623,906	1,931,574	1,692,332
1,188,296	2,847,617	1,406,466	1,441,151
98,215	479,534	226,841	252,693
6,254	8,643	7,337	1,306
2,178,963	5,050,054	1,894,092	3,155,962
1,487,736	2,434,804	599,368	1,835,436
—	146,976	137,853	9,123
6,618,701	14,591,534	6,203,531	8,388,003
1,795,319	1,179,273	3,028,002	1,848,729
—	—	—	—
95,714	239,539	318,042	78,503
—	—	171	171
—	—	—	—
—	—	—	—
—	—	—	—
—	—	(6,838)	(6,838)
—	—	626,415	626,415
—	—	91,597	91,597
95,714	239,539	1,029,387	789,848
\$ 1,891,033	\$ 1,418,812	\$ 4,057,389	\$ 2,638,577

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STATISTICAL SECTION

Statistical Section

This section of the state of Washington’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the state’s overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the state’s financial performance and fiscal health has changed over time.

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Revenue Capacity

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Debt capacity

These schedules present information to help the reader assess the affordability of the state’s current levels of outstanding debt, and the state’s ability to issue additional debt in the future.

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State of Washington

FINANCIAL TRENDS

Schedule 1 - Net Position by Component

Last Ten Fiscal Years (expressed in millions)
(accrual basis of accounting)

	2023	2022	2021	2020
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 26,190	\$ 24,818	\$ 23,934	\$ 23,338
Restricted	16,535	14,186	14,862	11,757
Unrestricted	7,690	5,298	(2,327)	(3,829)
Total governmental activities net position	\$ 50,415	\$ 44,302	\$ 36,470	\$ 31,266
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 761	\$ 885	\$ 825	\$ 863
Restricted	4,352	3,671	2,405	3,572
Unrestricted	(18,277)	(18,319)	(11,071)	(10,620)
Total business-type activities net position	\$ (13,165)	\$ (13,764)	\$ (7,841)	\$ (6,185)
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 26,951	\$ 25,703	\$ 24,759	\$ 24,200
Restricted	20,886	17,857	17,267	15,329
Unrestricted	(10,587)	(13,021)	(13,397)	(14,448)
Total primary government net position	\$ 37,250	\$ 30,539	\$ 28,629	\$ 25,081
COMPONENT UNITS				
Net investment in capital assets	\$ 394	\$ 320	\$ 350	\$ 360
Restricted	665	216	9	2
Unrestricted	1,573	1,603	814	687
Total component units net position	\$ 2,632	\$ 2,140	\$ 1,173	\$ 1,049

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2019		2018		2017		2016		2015		2014
\$	22,261	\$	21,749	\$	21,048	\$	19,942	\$	19,958	\$	19,816
	11,358		11,328		9,718		8,518		8,320		6,589
	(3,207)		(4,163)		(3,377)		(2,691)		(3,944)		399
\$	30,412	\$	28,914	\$	27,389	\$	25,769	\$	24,334	\$	26,804
\$	911	\$	847	\$	751	\$	745	\$	973	\$	625
	5,067		4,825		4,581		4,485		4,240		3,815
	(9,679)		(9,816)		(8,734)		(8,724)		(8,945)		(8,318)
\$	(3,700)	\$	(4,144)	\$	(3,402)	\$	(3,494)	\$	(3,732)	\$	(3,878)
\$	23,173	\$	22,596	\$	21,799	\$	20,687	\$	20,931	\$	20,441
	16,426		16,153		14,300		13,002		12,560		10,404
	(12,886)		(13,979)		(12,111)		(11,415)		(12,889)		(7,919)
\$	26,712	\$	24,770	\$	23,988	\$	22,274	\$	20,602	\$	22,926
\$	358	\$	351	\$	333	\$	354	\$	379	\$	420
	4		10		9		15		20		22
	596		511		446		477		432		374
\$	957	\$	872	\$	788	\$	846	\$	831	\$	816

State of Washington

FINANCIAL TRENDS

Schedule 2 - Changes in Net Position

Last Ten Fiscal Years (expressed in millions)
(accrual basis of accounting)

	2023	2022	2021	2020
EXPENSES				
Governmental activities:				
General government	\$ 4,848	\$ 3,403	\$ 3,769	\$ 2,143
Education - elementary and secondary (K-12)	16,868	16,407	15,322	14,715
Education - higher education	9,957	8,722	8,472	8,303
Human services	30,292	27,479	25,818	21,633
Adult corrections	1,304	1,177	1,247	1,264
Natural resources and recreation	2,076	1,536	1,540	1,384
Transportation	3,022	2,483	2,757	2,701
Interest on long-term debt	1,107	1,090	1,073	1,063
Total governmental activities expenses	<u>69,475</u>	<u>62,297</u>	<u>59,998</u>	<u>53,206</u>
Business-type activities:				
Workers' compensation	4,039	6,955	4,505	6,387
Unemployment compensation	1,208	2,433	11,939	7,494
Higher education student services	4,154	3,388	3,166	3,431
Health Insurance ⁽¹⁾	3,855	3,726	3,556	2,457
Washington's lottery	756	696	729	643
Paid family and medical leave	1,649	1,106	796	293
Other	298	318	326	330
Total business-type activities expenses	<u>15,959</u>	<u>18,622</u>	<u>25,017</u>	<u>21,035</u>
Total primary government expenses	<u>\$ 85,434</u>	<u>\$ 80,919</u>	<u>\$ 85,015</u>	<u>\$ 74,241</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 1,372	\$ 1,274	\$ 1,254	\$ 1,045
Education - elementary and secondary (K-12)	19	17	14	18
Education - higher education	3,736	3,320	3,203	3,142
Human services	903	744	946	703
Adult corrections	5	11	11	9
Natural resources and recreation	1,483	567	617	524
Transportation	1,750	1,506	1,605	1,263
Operating grants and contributions	28,465	28,848	24,930	18,495
Capital grants and contributions	891	726	648	819
Total governmental activities program revenues	<u>38,624</u>	<u>37,012</u>	<u>33,227</u>	<u>26,018</u>
Business-type activities:				
Charges for services:				
Workers' compensation	3,038	2,812	2,391	2,712
Unemployment compensation	1,642	1,629	1,143	1,182
Higher education student services	4,336	3,603	3,326	3,271
Health Insurance ⁽¹⁾	4,010	3,458	3,558	2,594
Washington's lottery	1,006	912	954	820
Paid family and medical leave	1,512	962	676	702
Other	246	247	255	222
Operating grants and contributions	46	1,480	9,529	4,813
Capital grants and contributions	1	—	1	—
Total business-type activities program revenues	<u>15,838</u>	<u>15,103</u>	<u>21,833</u>	<u>16,315</u>
Total primary government program revenues	<u>\$ 54,462</u>	<u>\$ 52,115</u>	<u>\$ 55,060</u>	<u>\$ 42,334</u>
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (30,852)	\$ (25,285)	\$ (26,771)	\$ (27,188)
Business-type activities	(120)	(3,519)	(3,184)	(4,720)
Total primary government net expense	<u>\$ (30,972)</u>	<u>\$ (28,804)</u>	<u>\$ (29,954)</u>	<u>\$ (31,907)</u>

Refer to footnotes at the end of Schedule 2.

State of Washington

Continued

	2019	2018	2017	2016	2015	2014
\$	1,491	\$ 1,687	\$ 1,945	\$ 1,658	\$ 1,987	\$ 1,607
	13,872	12,012	11,042	10,153	9,426	8,914
	7,985	7,662	7,633	7,531	7,095	6,910
	19,822	18,863	18,216	17,209	16,890	15,052
	1,142	1,067	1,062	983	956	911
	1,351	1,185	1,266	1,264	1,335	1,137
	2,809	2,485	2,118	2,363	2,309	2,400
	1,032	1,002	1,027	991	981	938
	49,504	45,962	44,309	42,153	40,978	37,869
	3,975	3,690	3,269	3,238	3,018	3,142
	963	935	1,027	1,020	968	1,380
	3,330	3,119	3,022	2,495	2,314	2,080
	—	—	—	—	—	—
	598	557	520	535	466	463
	18	—	—	—	—	—
	552	361	496	8	(428)	318
	9,437	8,662	8,334	7,296	6,338	7,383
\$	58,941	\$ 54,624	\$ 52,643	\$ 49,449	\$ 47,316	\$ 45,252
	972	908	887	853	887	870
	21	28	23	21	21	26
	3,046	3,059	2,807	2,762	2,815	2,741
	775	737	1,080	724	659	612
	9	29	9	7	8	8
	525	617	524	468	455	510
	1,424	1,794	1,313	1,206	1,139	1,082
	16,728	16,120	15,832	15,358	15,158	13,240
	807	973	1,012	1,113	867	1,066
	24,307	24,263	23,487	22,510	22,010	20,155
	2,666	2,775	2,780	2,557	2,375	2,237
	1,062	1,039	994	1,139	1,257	1,349
	3,355	3,139	2,871	2,395	2,216	1,987
	—	—	—	—	—	—
	806	737	676	698	603	595
	232	—	—	—	—	—
	222	230	203	(193)	179	248
	65	66	65	70	77	326
	1	—	5	—	—	—
	8,409	7,986	7,594	6,666	6,707	6,742
\$	32,716	\$ 32,249	\$ 31,081	\$ 29,176	\$ 28,717	\$ 26,897
	(25,198)	(21,699)	(20,822)	(19,643)	(18,969)	(17,714)
	(1,028)	(676)	(740)	(630)	369	(641)
\$	(26,225)	\$ (22,375)	\$ (21,562)	\$ (20,273)	\$ (18,600)	\$ (18,355)

State of Washington

FINANCIAL TRENDS

Schedule 2 - Changes in Net Position

Last Ten Fiscal Years (expressed in millions)
(accrual basis of accounting)

	2023	2022	2021	2020
GENERAL REVENUES & OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Sales and use tax	\$ 15,966	\$ 15,187	\$ 13,614	\$ 12,101
Business and occupation	6,656	6,152	5,339	4,673
Property	4,583	4,468	4,358	4,133
Other	8,606	8,184	7,022	6,628
Interest and investment earnings (loss)	693	(738)	1,541	507
Contributions to endowments	138	97	75	82
Transfers	1	(252)	132	205
Total governmental activities	36,643	33,098	32,082	28,329
Business-type activities:				
Taxes - other	15	14	18	20
Interest and investment earnings	770	(2,712)	1,639	2,128
Transfers	(1)	252	(130)	(201)
Total business-type activities	783	(2,446)	1,527	1,947
Total primary government	\$ 37,427	\$ 30,652	\$ 33,610	\$ 30,276
CHANGE IN NET POSITION				
Governmental activities	\$ 5,792	\$ 7,813	\$ 5,311	\$ 1,141
Business-type activities	664	(5,965)	(1,656)	(2,773)
Total primary government	\$ 6,456	\$ 1,848	\$ 3,655	\$ (1,631)
COMPONENT UNITS				
Total expenses	\$ 3,077	\$ 2,071	\$ 913	\$ 863
Program revenues:				
Charges for services	2,218	1,296	963	862
Operating grants and contributions	1,159	758	27	56
Total program revenues	3,377	2,053	989	918
Net (expense) / revenue	300	(18)	76	55
General revenues - property taxes and other	80	24	44	25
General revenues - interest and investment earnings (loss)	113	(99)	1	13
Total component units - change in net position	\$ 493	\$ (94)	\$ 121	\$ 92

1. As of January 1, 2020, the Health Insurance Fund includes the School Employees Benefits Board accounts.

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

Concluded

	2019	2018	2017	2016	2015	2014
\$	12,106	\$ 11,154	\$ 10,363	\$ 9,740	\$ 9,001	\$ 8,365
	4,452	4,183	3,862	3,636	3,394	3,267
	3,363	3,347	2,098	2,062	2,018	1,974
	6,091	6,179	5,561	5,254	3,719	4,244
	646	561	614	168	307	621
	152	109	100	66	65	66
	217	152	119	152	136	94
	27,027	25,685	22,717	21,078	18,641	18,631
	22	23	21	21	20	22
	1,681	502	880	999	377	1,618
	(217)	(152)	(119)	(152)	(136)	(94)
	1,487	373	782	868	261	1,546
\$	28,513	\$ 26,058	\$ 23,499	\$ 21,946	\$ 18,902	\$ 20,177
\$	1,829	\$ 3,986	\$ 1,895	\$ 1,435	\$ (328)	\$ 917
	459	(303)	42	238	630	905
\$	2,288	\$ 3,683	\$ 1,937	\$ 1,673	\$ 302	\$ 1,822
\$	788	\$ 727	\$ 727	\$ 1,165	\$ 1,080	\$ 859
	802	742	722	1,093	945	802
	34	31	13	68	126	95
	836	774	734	1,161	1,071	897
	49	46	7	(4)	(9)	38
	24	40	21	20	18	17
	12	3	2	9	5	(14)
\$	85	\$ 90	\$ 31	\$ 25	\$ 14	\$ 41

State of Washington

FINANCIAL TRENDS

Schedule 3 - Fund Balances, Governmental Funds

Last Ten Fiscal Years (expressed in thousands)
(modified accrual basis of accounting)

	2023	2022	2021	2020
GENERAL FUND				
Nonspendable	\$ 60,468	\$ 60,361	\$ 59,060	\$ 52,407
Restricted	692,162	338,670	2,908,232	1,734,102
Committed	3,365,227	1,267,662	1,221,109	598,772
Assigned	1,862,952	1,900,952	1,915,952	1,740,952
Unassigned	4,183,469	5,492,147	796,707	652,884
Total General Fund	<u>10,164,278</u>	<u>9,059,792</u>	<u>6,901,060</u>	<u>4,779,117</u>
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	3,574,912	3,339,773	3,437,324	3,195,885
Restricted	6,946,605	6,223,535	6,079,389	4,573,789
Committed	11,981,461	10,730,193	7,793,716	7,223,162
Assigned	109,939	109,939	109,939	92,631
Unassigned	(34,541)	(46,892)	(168,005)	(20,407)
Total all other governmental funds	<u>22,578,376</u>	<u>20,356,548</u>	<u>17,252,363</u>	<u>15,065,060</u>
Total governmental fund balances	<u>\$ 32,742,654</u>	<u>\$ 29,416,340</u>	<u>\$ 24,153,423</u>	<u>\$ 19,844,177</u>

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2019		2018		2017		2016		2015		2014
\$	49,614	\$	45,400	\$	42,922	\$	45,578	\$	47,353	\$	50,475
	1,699,486		1,476,149		1,658,761		558,708		533,279		416,652
	684,619		387,930		140,905		114,958		105,667		142,586
	1,416,952		1,513,952		1,257,952		1,155,952		1,014,952		879,952
	998,850		2,006,633		1,100,552		1,355,071		964,168		336,476
	4,849,521		5,430,064		4,201,092		3,230,267		2,665,419		1,826,141
	2,810,988		2,768,321		2,638,831		2,493,189		2,487,573		2,438,057
	4,813,391		5,298,543		4,340,500		4,050,297		3,835,980		4,008,161
	6,969,551		6,065,013		5,765,961		6,013,887		5,860,326		5,138,780
	107,300		18,300		18,300		18,300		16,060		—
	(22,168)		(256)		(70,020)		(11,821)		(167,356)		—
	14,679,062		14,149,921		12,693,572		12,563,852		12,032,583		11,584,998
\$	19,528,583	\$	19,579,985	\$	16,894,664	\$	15,794,119	\$	14,698,002	\$	13,411,139

State of Washington

FINANCIAL TRENDS

Schedule 4 - Revenues, Expenditures, and Other Financing Sources (Uses)

All Governmental Fund Types

Last Ten Fiscal Years (expressed in millions)

	2023	2022	2021	2020
REVENUES				
Taxes:				
Retail sales and use	\$ 15,966	\$ 15,187	\$ 13,614	\$ 12,101
Business and occupation	6,656	6,152	5,339	4,673
Motor vehicle and fuel	1,559	1,612	1,533	1,550
Liquor, beer, and wine	467	460	458	420
Cigarette and tobacco	352	374	402	397
Insurance premiums	847	824	684	691
Public utilities	636	574	500	481
Property	4,484	4,400	4,350	3,739
Excise	2,834	3,092	2,462	1,777
Gift and inheritance	854	371	324	635
Other taxes	714	602	511	567
Total Taxes	35,368	33,649	30,177	27,031
Licenses, permits, and fees	2,415	2,258	2,408	1,945
Federal grants-in-aid	27,257	27,724	23,740	17,439
Charges and miscellaneous revenue	9,086	7,146	7,111	6,761
Investment income (loss)	693	(738)	1,541	507
Total Revenues	74,819	70,038	64,977	53,683
EXPENDITURES				
Current:				
General government	4,389	3,567	3,638	1,936
Human services	31,864	28,903	27,123	22,580
Natural resources and recreation	2,023	1,604	1,521	1,297
Transportation	2,709	2,247	2,292	2,275
Education	26,449	24,998	23,541	22,543
Intergovernmental	550	581	513	520
Capital outlays	3,181	2,217	2,231	2,108
Debt service:				
Principal	1,339	1,333	1,193	1,308
Interest	1,092	1,087	1,082	1,095
Total Expenditures	73,597	66,537	63,132	55,661
Revenues Over (Under) Expenditures	1,222	3,502	1,845	(1,978)
OTHER FINANCING SOURCES (USES):				
Bonds issued, net of refunding	1,761	1,948	2,374	2,039
Other debt issued, net of refunding	283	239	73	66
Transfers in	8,128	8,579	4,966	4,619
Transfers out	(8,360)	(8,846)	(4,840)	(4,430)
Net Other Financing Sources (Uses)	1,812	1,921	2,573	2,294
Net Change in Fund Balances	\$ 3,034	\$ 5,423	\$ 4,417	\$ 316
Debt service as a percentage of noncapital expenditures ⁽¹⁾	3.4%	3.7%	3.7%	4.5%

1. Percentage is calculated by dividing principal and interest by total expenditures less capital outlays.

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2019		2018		2017		2016		2015		2014
\$	12,106	\$	11,154	\$	10,363	\$	9,740	\$	9,001	\$	8,365
	4,452		4,183		3,862		3,636		3,394		3,267
	1,671		1,732		1,680		1,486		1,253		1,215
	390		371		355		348		331		321
	397		422		430		451		474		443
	640		631		604		535		556		467
	482		482		483		469		455		464
	3,359		3,347		2,098		2,062		2,018		1,974
	1,636		1,600		1,461		1,203		927		717
	300		209		168		136		150		157
	403		600		540		430		410		474
	25,835		24,729		22,044		20,496		18,969		17,864
	2,025		2,408		1,907		1,766		1,660		1,627
	15,963		15,646		15,370		15,034		14,712		13,168
	6,523		6,348		6,336		5,831		5,751		5,369
	646		561		614		168		307		621
	50,992		49,692		46,269		43,295		41,399		38,649
	1,556		1,355		1,450		1,289		1,330		1,280
	20,901		19,817		19,026		18,037		17,566		15,733
	1,332		1,128		1,181		1,214		1,239		1,037
	2,345		2,124		2,068		1,955		1,883		1,817
	21,312		19,102		18,059		16,922		15,915		15,130
	537		504		497		492		465		456
	2,104		1,781		2,428		2,200		2,247		2,293
	1,180		1,144		1,125		1,040		944		868
	1,070		1,035		1,042		999		982		939
	52,338		47,990		46,876		44,147		42,572		39,552
	(1,346)		1,703		(607)		(852)		(1,174)		(903)
	1,371		1,389		1,539		1,709		1,368		2,038
	53		47		70		102		31		45
	4,605		4,634		4,545		4,317		5,062		4,356
	(4,420)		(4,502)		(4,446)		(4,180)		(4,937)		(4,274)
	1,609		1,568		1,708		1,948		1,524		2,165
\$	264	\$	3,270	\$	1,101	\$	1,096	\$	350	\$	1,262
	4.4%		4.7%		4.9%		4.8%		4.7%		4.8%

State of Washington

FINANCIAL TRENDS

Schedule 5 - Revenues, Expenditures, and Other Financing Sources (Uses)

General Fund

Last Ten Fiscal Years (expressed in millions)

	2023	2022	2021	2020
REVENUES				
Taxes:				
Retail sales and use	\$ 15,831	\$ 15,059	\$ 13,481	\$ 11,985
Business and occupation	6,239	5,771	5,013	4,596
Liquor, beer, and wine	384	377	374	344
Cigarette and tobacco	329	353	387	390
Insurance premiums	803	784	647	652
Public utilities	611	550	479	460
Property	4,484	4,400	4,350	3,739
Excise	1,176	2,047	1,524	1,142
Gift and inheritance	—	—	—	—
Other taxes	280	193	148	188
Total Taxes	30,137	29,534	26,403	23,496
Licenses, permits, and fees	163	152	147	139
Federal grants-in-aid	23,529	23,392	19,735	14,512
Charges and miscellaneous revenue	992	822	1,069	717
Investment income (loss)	173	(217)	(13)	114
Total Revenues	54,995	53,683	47,340	38,977
EXPENDITURES				
Current:				
General government	2,953	1,998	2,173	1,060
Human services	30,563	27,614	25,814	21,366
Natural resources and recreation	1,014	789	669	512
Transportation	96	71	64	63
Education	17,452	17,457	15,573	15,090
Intergovernmental	136	182	133	130
Capital outlays	271	154	106	71
Debt service:				
Principal	12	23	17	16
Interest	2	3	4	8
Total Expenditures	52,499	48,291	44,552	38,315
Revenues Over (Under) Expenditures	2,495	5,392	2,788	662
OTHER FINANCING SOURCES (USES)				
Bonds issued, net of refunding	190	129	78	100
Other debt issued, net of refunding	113	61	6	6
Transfers in	815	987	1,020	788
Transfers out	(2,730)	(4,374)	(1,663)	(1,626)
Net Other Financing Sources (Uses)	(1,612)	(3,197)	(560)	(732)
Net Change in Fund Balances	\$ 884	\$ 2,195	\$ 2,228	\$ (70)

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2019	2018	2017	2016	2015	2014
\$	11,952	\$ 11,003	\$ 10,221	\$ 9,623	\$ 8,903	\$ 8,275
	4,448	4,177	3,857	3,632	3,389	3,262
	318	303	290	284	282	274
	397	422	430	451	474	443
	600	601	577	510	529	457
	461	462	463	449	437	447
	2,339	2,770	2,098	2,062	2,018	1,974
	1,146	1,139	1,055	933	787	650
	—	(6)	2	—	(1)	—
	139	373	348	245	207	226
	21,800	21,244	19,341	18,189	17,025	16,008
	130	124	130	116	115	108
	13,296	13,013	12,680	12,196	12,053	10,226
	723	795	1,000	611	583	506
	114	1	(5)	26	8	7
	36,063	35,178	33,146	31,138	29,784	26,855
	949	864	884	802	846	833
	19,754	18,686	17,959	17,072	16,794	14,920
	482	465	429	534	445	409
	56	57	62	67	37	42
	14,762	13,067	12,176	11,403	10,177	9,754
	132	102	123	119	117	114
	74	79	70	111	52	51
	13	14	12	8	8	9
	4	4	4	3	1	3
	36,226	33,338	31,719	30,121	28,477	26,134
	(162)	1,840	1,428	1,016	1,308	721
	178	61	129	102	192	170
	2	2	1	75	7	—
	731	686	713	577	466	518
	(1,329)	(1,360)	(1,300)	(1,205)	(1,119)	(965)
	(418)	(611)	(457)	(452)	(454)	(277)
\$	(580)	\$ 1,229	\$ 971	\$ 565	\$ 854	\$ 444

State of Washington

REVENUE CAPACITY

Schedule 6 - Sales Subject to Retail Sales Tax by Industry

Last Ten Calendar Years (expressed in millions)

Industry ⁽¹⁾	2022	2021	2020	2019
Retail trade:				
Motor vehicles and parts	\$ 22,327	\$ 21,481	\$ 17,894	\$ 18,005
General merchandise stores	13,518	13,530	12,396	11,935
Building materials, garden equipment and supplies	10,383	10,280	9,220	7,789
All other retail trade	50,590	48,638	41,446	38,302
Total retail sales	96,818	93,929	80,956	76,031
Construction	47,598	42,992	37,087	38,387
Accommodations and food services	21,085	17,310	12,887	19,545
Wholesale trade	14,599	13,213	11,537	11,333
Management, Education, and Health Services	11,735	10,562	8,967	7,706
Information	8,294	7,522	6,808	6,888
All other industries	27,267	24,506	20,163	21,252
Total sales subject to retail sales tax	\$ 227,396	\$ 210,034	\$ 178,405	\$ 181,142
Direct retail sales tax rate ⁽²⁾	6.5%	6.5%	6.5%	6.5%

1. Industry classifications are based on North American Industry Classification System (NAICS) codes.

2. State retail sales tax rate only; excludes local retail sales tax rate.

Source: Washington State Department of Revenue, Quarterly Business Review

State of Washington

	2018	2017	2016	2015	2014	2013
\$	17,759	\$ 17,188	\$ 16,311	\$ 14,987	\$ 13,540	\$ 12,565
	11,771	11,486	11,256	11,086	10,711	10,511
	7,460	6,909	6,344	5,909	5,348	4,982
	34,531	31,156	29,334	27,691	26,725	25,582
	71,521	66,739	63,245	59,673	56,324	53,640
	35,155	30,979	28,101	24,459	21,086	19,256
	18,866	17,799	16,738	15,677	14,365	13,334
	11,026	10,111	9,882	9,295	9,053	8,750
	6,864	4,396	3,952	3,445	3,196	2,964
	6,967	6,866	6,702	6,754	5,972	5,429
	19,775	18,711	17,785	16,061	14,848	13,828
\$	170,174	\$ 155,601	\$ 146,405	\$ 135,364	\$ 124,844	\$ 117,201
	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%

State of Washington

REVENUE CAPACITY

Schedule 7 - Retail Sales Tax Due by Industry

Current Calendar Year and Nine Years Ago (expressed in millions)

Industry ⁽¹⁾	2022			2013		
	Amount of			Amount of		
	Retail Sales	Rank	Percent of	Retail Sales	Rank	Percent of
	Tax Due		Total Retail	Tax Due		Total Retail
			Sales Tax Due			Sales Tax Due
Retail trade	\$ 6,293	1	42.6 %	\$ 3,487	1	45.8 %
Construction	3,094	2	20.9 %	1,252	2	16.4 %
Accommodations and food services	1,371	3	9.3 %	867	3	11.4 %
Wholesale trade	949	4	6.4 %	569	4	7.5 %
Management, education, and health services	763	5	5.2 %	193	9	2.5 %
All other industries ⁽²⁾	650	6	4.4 %	327	6	4.3 %
Information	539	7	3.6 %	353	5	4.6 %
Professional, scientific, and technical services	436	8	2.9 %	148	10	1.9 %
Other Services ⁽³⁾	364	9	2.5 %	242	7	3.2 %
Real estate, rental/leasing	322	10	2.2 %	180	8	2.4 %
Total	\$ 14,781		100 %	\$ 7,618		100 %

1. Industry classifications are based on North American Industry Classification System (NAICS) codes. The state of Washington is legally prohibited from disclosing the names of individual taxpayers. The information in this table is intended to assist readers in understanding the degree to which the state's retail sales tax revenue may be concentrated.
2. All other industries include manufacturing; arts, entertainment, and recreation; finance and insurance; transportation and warehousing; agriculture, forestry, and fishing; public administration; mining; and utilities.
3. Other services consist of repair and maintenance, personal service, and religious, civic, and other organizations.

Source: Washington State Department of Revenue

State of Washington

REVENUE CAPACITY

Schedule 8 - Business and Occupation (B&O) Tax Due by Industry

Current Calendar Year and Nine Years Ago (expressed in millions)

Industry ^{(1) (2)}	2022			2013		
	Amount of	Rank	Percent of	Amount of	Rank	Percent of
	B&O		Total B&O	B&O		Total B&O
	Tax Due		Tax Due	Tax Due		Tax Due
Business, personal, and other services ⁽³⁾	\$ 2,309	1	35.6%	\$ 1,218	1	35.1%
Finance, insurance, real estate	934	2	14.4%	351	5	10.1%
Retail trade	918	3	14.1%	519	2	15.0%
Wholesale trade	838	4	12.9%	475	4	13.7%
Manufacturing	540	5	8.3%	497	3	14.3%
Construction	402	6	6.2%	177	6	5.1%
Information	381	7	5.9%	155	7	4.5%
Utilities	78	8	1.2%	27	9	0.8%
Transportation	61	9	0.9%	27	8	0.8%
Other B&O tax classifications ⁽⁴⁾	32	10	0.5%	20	10	0.6%
Total	<u>\$ 6,493</u>		<u>100 %</u>	<u>\$ 3,466</u>		<u>100 %</u>

1. Industry classifications are based on North American Industry Classification System (NAICS) codes. The state of Washington is legally prohibited from disclosing the names of individual taxpayers. The information in this table is intended to assist readers in understanding the degree to which the state's business and occupation tax revenue may be concentrated.
2. Beginning in calendar year 2021, the Quarterly Business Review (QBR) Business & Occupation Tax table, which is based on the NAICS, was used to report the data in this schedule. In prior years, the QBR Summary of Excise Tax Returns table was used for reporting. Updated industry categories and amounts are reflected in this table.
3. The majority of business, personal, and other services includes professional, scientific, and technical services; health services; ambulatory health care services; and administrative and support services.
4. Other B&O tax classifications include agriculture, forestry, and fishing; mining; and warehousing and storage.

Source: Washington State Department of Revenue

State of Washington

REVENUE CAPACITY

Schedule 9 - Taxable Sales by Business and Occupation (B&O) Tax Classification

Last Ten Calendar Years (expressed in millions)

Industry ⁽¹⁾⁽²⁾	2022	2021	2020	2019
Business, personal, and other services	\$ 189,997	\$ 163,802	\$ 141,064	\$ 150,259
Wholesale trade	178,012	155,987	127,953	126,665
Retail trade	176,596	164,365	141,054	136,201
Manufacturing	114,901	104,869	79,114	114,985
Construction	80,800	73,883	64,675	67,268
Other B&O tax classifications ⁽³⁾	108,470	96,021	85,482	81,410
Total	\$ 848,776	\$ 758,927	\$ 639,342	\$ 676,788
State B&O tax rate range	0.1 - 1.8%	0.1 - 1.8%	0.1 - 1.8%	0.1 - 1.6%

1. Industry classifications are based on North American Industry Classification System (NAICS) codes.
2. Beginning in calendar year 2021, the Quarterly Business Review (QBR) Business & Occupation Tax table, which is based on the NAICS, was used to report the data in this schedule. In prior years, the QBR Summary of Excise Tax Returns table was used for reporting. Updated industry categories and amounts are reflected in this table for all years.
3. Other B&O tax classifications include agriculture, forestry, and fishing; mining; utilities; transportation; warehousing and storage; information; and finance, insurance, and real estate.

Source: Washington State Department of Revenue, Quarterly Business Review

State of Washington

	2018		2017		2016		2015		2014		2013
\$	140,012	\$	131,697	\$	122,998	\$	115,150	\$	106,818	\$	101,665
	126,419		117,585		111,965		106,849		105,464		100,170
	133,272		125,673		118,097		113,375		110,089		104,706
	132,918		122,912		121,277		127,267		134,464		126,886
	60,481		53,917		49,548		45,343		39,894		35,439
	76,668		71,452		65,219		61,785		56,570		53,326
\$	669,770	\$	623,236	\$	589,104	\$	569,769	\$	553,299	\$	522,192
	0.1 - 1.6%		0.1 - 1.6%		0.1 - 1.6%		0.1 - 1.6%		0.1 - 1.6%		0.1 - 1.6%

State of Washington

DEBT CAPACITY

Schedule 10 - Ratios of Outstanding Debt by Type ⁽¹⁾

Last Ten Fiscal Years (expressed in millions, except per capita)

	2023	2022	2021	2020
Governmental Activities				
General obligation bonds	\$ 24,349	\$ 23,957	\$ 23,328	\$ 22,243
Revenue bonds	1,611	1,785	1,928	2,075
Certificates of participation	597	649	693	710
Leases/SBITAs/installment contracts ⁽²⁾	1,669	1,416	3	10
Total Governmental Activities Debt	28,226	27,807	25,952	25,038
Business-Type Activities				
General obligation bonds	—	—	—	—
Revenue bonds	2,381	2,461	2,475	2,415
Certificates of participation	175	183	193	165
Leases/SBITAs/installment contracts ⁽²⁾	328	257	6	81
Total Business-Type Activities Debt	2,884	2,901	2,674	2,661
Total Primary Government Debt	\$ 31,110	\$ 30,708	\$ 28,626	\$ 27,699
DEBT RATIOS				
Total Primary Government				
Ratio of total debt to personal income ⁽³⁾	5.3%	5.2%	5.0%	5.2%
Total debt per capita ⁽⁴⁾	\$ 3,913	\$ 3,905	\$ 3,686	\$ 3,594
General Bond Debt				
Ratio of general bonded debt to retail sales subject to tax ⁽⁵⁾	10.7%	10.5%	11.1%	12.5%
General bonded debt per capita ⁽⁴⁾	\$ 3,062	\$ 3,046	\$ 3,003	\$ 2,886

1. Refer to Note 7 for long-term liability activity.

2. Beginning in fiscal year 2023, the 'Leases/SBITAs/installment contracts' category replaced 'Leases/installment contracts.' This change was due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

3. Personal income data can be found in Schedule 13. Personal income data for 2023 is not available; used 2022 data to calculate 2023 ratio. The Bureau of Economic Analysis periodically revises its personal income data for periods up to 10 years.

4. Population data can be found in Schedule 14.

5. Retail sales subject to tax can be found in Schedule 6. Retail sales data for 2023 is not available; used 2022 data to calculate 2023 ratio.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2019		2018		2017		2016		2015		2014
\$	21,486	\$	21,335	\$	21,034	\$	20,518	\$	19,868	\$	19,370
	2,234		2,308		2,326		2,377		2,316		1,894
	753		756		752		718		580		570
	10		11		5		6		5		11
	24,483		24,410		24,117		23,619		22,769		21,845
	—		—		—		—		4		8
	2,317		2,326		2,307		2,215		1,991		2,236
	173		120		92		49		42		38
	68		72		75		9		13		15
	2,558		2,518		2,474		2,273		2,050		2,297
\$	27,041	\$	26,928	\$	26,591	\$	25,892	\$	24,819	\$	24,142
	5.5%		5.9%		6.2%		6.4%		6.5%		6.7%
\$	3,567	\$	3,608	\$	3,621	\$	3,578	\$	3,492	\$	3,446
	11.9%		12.5%		13.5%		14.0%		14.7%		15.5%
\$	2,834	\$	2,859	\$	2,864	\$	2,835	\$	2,796	\$	2,766

State of Washington

DEBT CAPACITY

Schedule 11 - Legal Debt Margin Information ⁽¹⁾

Last Ten Fiscal Years (expressed in millions)

	2023	2022	2021	2020
Legal Debt Limitation Calculation ⁽²⁾				
Six year mean, general state revenues	\$ 24,128	\$ 22,203	\$ 20,609	\$ 19,390
Times: Percentage of six year mean, general state revenues	8.25%	8.25%	8.25%	8.25%
Equals: Debt service limitation	\$ 1,991	\$ 1,832	\$ 1,700	\$ 1,600
Debt service limitation	\$ 1,991	\$ 1,832	\$ 1,700	\$ 1,600
Less: Projected maximum annual debt service of outstanding bonds as of June 30	1,386	1,308	1,258	1,218
Equals: Debt service capacity	\$ 605	\$ 523	\$ 443	\$ 382
Remaining state general obligation debt capacity ⁽³⁾	\$ 9,125	\$ 9,467	\$ 8,091	\$ 6,144
Plus: Debt outstanding, bonds issued and projected sales subject to debt service limitation as of December 2022	13,711	12,895	12,437	11,964
Equals: Maximum debt authorization subject to limitation	\$ 22,836	\$ 22,362	\$ 20,528	\$ 18,108
Debt service capacity as a percentage of total debt service limitation	30.4%	28.5%	26.1%	23.9%
Remaining debt capacity as a percentage of maximum debt authorized	40.0%	42.3%	39.4%	33.9%

1. The legal debt limitation limits the amount of state debt that may be incurred by restricting the amount of general state revenues which may be allocated to pay principal and interest on debt subject to these limitations.
2. From November 1972 through June 30, 2014, the Constitution prohibited the issuance of new debt if it would cause the maximum annual debt service to exceed nine percent of the arithmetic mean of general state revenues for the preceding three fiscal years. Beginning in fiscal year 2015, the debt limit was subject to an amendment of the state Constitution passed in 2012 specifying that maximum annual payments of principal and interest on all debt subject to the limit may not exceed a percentage of the average of the prior six years' general state revenues.
3. The remaining debt capacity each year is the calculated present value of the debt service capacity utilizing an interest rate assumption. The interest rate assumption for 2023 is 4.33 percent.

Figures may not total due to rounding.

Source: Office of the State Treasurer, Certification of the Debt Limitation of the State of Washington

State of Washington

	2019	2018	2017	2016	2015	2014
\$	18,309	\$ 17,178	\$ 16,334	\$ 15,499	\$ 14,794	\$ 13,245
	8.25%	8.25%	8.25%	8.5%	8.5%	9.0%
\$	1,511	\$ 1,417	\$ 1,348	\$ 1,317	\$ 1,257	\$ 1,192
\$	1,511	\$ 1,417	\$ 1,348	\$ 1,317	\$ 1,257	\$ 1,192
	1,194	1,167	1,172	1,155	1,129	1,125
\$	316	\$ 250	\$ 176	\$ 162	\$ 128	\$ 67
\$	4,650	\$ 3,862	\$ 2,937	\$ 2,632	\$ 2,031	\$ 977
	11,667	11,364	11,644	11,348	11,160	11,208
\$	16,317	\$ 15,226	\$ 14,581	\$ 13,980	\$ 13,191	\$ 12,185
	20.9%	17.6%	13.1%	12.3%	10.2%	5.6%
	28.5%	25.4%	20.1%	18.8%	15.4%	8.0%

State of Washington

DEBT CAPACITY

Schedule 12 - Revenue Bond Coverage ⁽¹⁾

Last Ten Fiscal Years (expressed in millions)

Fiscal Year	Gross Revenues ⁽²⁾	Less: Operating Expenses ⁽³⁾	Net Available Revenue	Scheduled Debt Service ⁽⁴⁾		Coverage Ratio
				Principal	Interest	
Governmental Activities						
2023	\$ 117	\$ 15	\$ 102	\$ 68	\$ 36	0.99
2022	94	13	81	62	39	0.79
2021	112	12	100	63	46	0.91
2020	109	11	98	63	49	0.88
2019	106	12	95	54	51	0.90
2018	97	8	89	51	51	0.88
2017	103	7	96	57	47	0.92
2016	101	6	95	54	47	0.94
2015	93	13	80	50	41	0.88
2014	108	14	94	45	58	0.91
Business-Type Activities						
2023	\$ 4,406	\$ 4,025	\$ 381	\$ 137	\$ 93	1.66
2022	3,490	3,263	227	134	93	1.00
2021	3,303	3,061	242	134	103	1.02
2020	3,220	3,096	124	123	100	0.56
2019	3,311	2,992	319	79	100	1.78
2018	3,100	2,795	304	131	99	1.32
2017	2,804	2,701	103	98	90	0.55
2016	2,339	2,170	169	89	88	0.95
2015	2,153	1,978	175	82	102	0.95
2014	1,928	1,767	161	81	86	0.96

1. Refer to Note 7 for information on the nature of revenue bonds issued by the state.

2. Total operating revenues.

3. Total operating expenses exclusive of depreciation.

4. Scheduled debt service amounts are based on previous fiscal year disclosure information collected from individual agencies and reported in Note 7.

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 13 - Personal Income Comparison

Washington State vs. United States

Last Ten Calendar Years (expressed in billions, except per capita)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Washington State										
Personal income	\$ 589	\$ 571	\$ 528	\$ 490	\$ 455	\$ 426	\$ 402	\$ 381	\$ 360	\$ 334
Percent change	3%	8%	8%	8%	7%	6%	6%	6%	8%	2%
Per capita	\$ 75,698	\$ 73,755	\$ 68,304	\$ 64,189	\$ 60,221	\$ 57,265	\$ 54,918	\$ 53,083	\$ 50,890	\$ 47,857
United States										
Personal income	\$ 21,777	\$ 21,295	\$ 19,832	\$ 18,587	\$ 17,684	\$ 16,840	\$ 16,097	\$ 15,685	\$ 14,977	\$ 14,194
Percent change	2%	7%	7%	5%	5%	5%	3%	5%	6%	1%
Per capita	\$ 65,423	\$ 64,117	\$ 59,763	\$ 56,250	\$ 53,786	\$ 51,550	\$ 49,613	\$ 48,725	\$ 46,887	\$ 44,798
Washington per capita rate as % of United States per capita rate	116%	115%	114%	114%	112%	111%	111%	109%	109%	107%

Note: The Bureau of Economic Analysis periodically revises its personal income data for periods up to 10 years.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Schedule 14 - Population and Components of Change

Washington State vs. United States

Last Ten Fiscal Years (expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Washington State ⁽¹⁾										
Population	7,951.2	7,864.4	7,767.0	7,706.3	7,581.8	7,463.5	7,344.1	7,237.2	7,106.6	7,005.2
Net increase	86.8	97.4	60.7	124.5	118.3	119.4	106.9	130.6	101.4	95.8
Percent change	1.1%	1.3%	0.8%	1.6%	1.6%	1.6%	1.5%	1.8%	1.5%	1.4%
Components of change: ⁽²⁾										
Births	83.1	85.0	82.1	84.8	85.7	87.3	89.7	89.8	88.5	87.0
Deaths	68.6	71.2	64.0	58.5	57.2	56.4	56.1	54.7	52.8	50.7
Net migration	72.3	83.6	42.5	98.2	89.8	88.4	73.3	95.4	65.8	59.4
United States ⁽³⁾										
Population	N/A	333,288	332,032	329,484	328,330	326,838	325,122	323,072	320,739	318,386
Percent change	N/A	0.4%	0.8%	0.4%	0.5%	0.5%	0.6%	0.7%	0.7%	0.8%

1. Washington state population estimates are as of April 1 each year. Intercensal estimates are estimates of population between official census dates. Intercensal estimates are more accurate than postcensal estimates because they are bracketed on both sides by decennial or state-certified special census counts. Postcensal estimates are developed by the Washington State Office of Financial Management.

2. Births and deaths are estimated for the most recent years due to a lag in reporting. The historical series may be revised in cases where more accurate data becomes available.

3. United States population intercensal estimates are as of July 1 of each year.

N/A indicates data not available.

Sources:

Washington State Office of Financial Management
U.S. Census Bureau, Population Division

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 15 - Annual Average Civilian Labor Force Unemployment Rates

Washington State vs. United States

Last Ten Calendar Years

	2022	2021	2020	2019
Washington State (in thousands)				
Civilian labor force	3,940	3,889	3,969	3,861
Employment	3,771	3,622	3,711	3,692
Total unemployment	169	267	258	169
Unemployment percentage rate	4.3%	6.9%	6.5%	4.4%
United States (in millions)				
Civilian labor force	162.9	160.6	162.6	162.7
Employment	156.1	149.5	152.9	156.5
Total unemployment	6.8	11.1	9.7	6.2
Unemployment percentage rate	4.2%	6.9%	6.0%	3.8%
Washington unemployment rate as % of United States unemployment rate	102.4%	100.0%	108.3%	115.8%

Note: The Washington State Economic and Revenue Forecast Council periodically revises its civilian labor force and employment data for periods up to five years.

Source: Washington State Economic and Revenue Forecast, June 2023

State of Washington

2018	2017	2016	2015	2014	2013
3,767	3,719	3,644	3,545	3,488	3,457
3,598	3,544	3,451	3,346	3,275	3,217
169	175	193	199	213	240
4.5%	4.7%	5.3%	5.6%	6.1%	6.9%
161.2	160.3	159.2	157.1	155.9	155.4
154.5	153.3	151.4	148.8	146.3	143.9
6.7	7.0	7.8	8.3	9.6	11.5
4.2%	4.4%	4.9%	5.3%	6.2%	7.4%
107.1%	106.8%	108.2%	105.7%	98.4%	93.2%

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 16 - Annual Average Wage Rates by Industry

Last Ten Calendar Years

Industry ⁽²⁾	Annual Average Wages ⁽¹⁾			
	2022 ⁽³⁾	2021	2020	2019
Information	\$ 237,166	\$ 268,296	\$ 241,913	\$ 207,103
Management of companies and enterprises	196,685	135,136	129,043	123,508
Professional, scientific, and technical services	129,769	125,687	111,944	103,935
Finance and insurance	124,566	124,539	113,556	100,948
Utilities	121,961	112,671	108,826	105,295
Wholesale trade	98,523	95,073	87,326	82,405
Manufacturing	88,378	83,182	81,984	81,234
Mining	79,880	75,933	73,480	74,849
Government	77,904	74,754	71,849	66,945
Construction	76,429	73,796	69,813	67,811
Real estate, rental and leasing	74,556	70,905	63,288	58,420
Transportation and warehousing	72,135	69,589	65,808	64,709
Administrative and support services ⁽⁴⁾	67,070	61,609	57,081	53,133
Health care and social assistance ⁽⁵⁾	63,283	60,233	56,771	54,647
Other services ⁽⁵⁾	51,819	52,099	46,667	42,584
Educational services	47,510	46,271	44,594	40,223
Retail trade	45,919	76,366	71,398	62,264
Arts, entertainment, and recreation	43,152	40,505	38,875	33,140
Agriculture, forestry, fishing, and hunting	38,801	37,471	36,170	33,702
Accommodation and food services	30,483	28,246	24,726	25,321

1. Wages include only employment covered by unemployment insurance. The state of Washington is legally prohibited from disclosing the names of individual employers. The information in this table is intended to assist readers in understanding the degree of concentration in the state's wage base.
2. Industry classifications and wages are based on North American Industry Classification System (NAICS) codes.
3. 2022 data is preliminary.
4. Wages classified under administrative and support services include waste management and remediation services.
5. A number of state-funded programs that provide nonmedical, home-based services for the elderly and persons with disabilities were incorrectly classified as other services. Effective January 2014, these were classified correctly as health care and social assistance. This reclassification caused the average annual wage for other services to increase. Wages classified as other services do not include public administration.

Source: Washington State Employment Security Department, Quarterly Census of Employment and Wages

State of Washington

	2018	2017	2016	2015	2014	2013
\$	194,863	\$ 172,592	\$ 159,236	\$ 150,503	\$ 148,429	\$ 135,304
	118,097	111,942	109,462	108,447	106,518	105,501
	101,410	92,323	88,223	85,968	84,883	81,893
	95,089	90,869	88,308	92,790	82,102	79,587
	99,718	93,057	88,789	85,644	87,212	86,373
	80,439	76,856	73,903	72,523	70,169	68,230
	79,377	76,301	74,641	73,860	74,303	70,798
	71,083	71,120	67,389	67,425	63,404	62,444
	63,832	61,187	58,945	57,274	55,603	53,733
	64,470	61,227	58,887	56,925	55,037	53,735
	55,188	51,553	48,965	47,459	45,181	43,426
	60,374	58,058	56,173	54,344	52,293	51,967
	50,370	48,484	47,050	45,934	44,382	43,261
	52,690	50,971	49,337	46,986	44,245	47,733
	40,410	38,832	37,557	37,437	35,571	26,717
	39,008	38,455	37,667	36,414	36,918	36,775
	58,866	52,542	45,930	38,300	36,127	34,084
	32,522	32,074	30,908	30,509	29,725	27,771
	32,405	31,154	29,971	28,398	27,758	26,880
	24,003	22,766	21,301	20,451	19,561	19,136

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 17 - Principal Employers by Industry

Current Calendar Year and Nine Years Ago

Industry ⁽¹⁾	2022 Annual Averages ⁽³⁾			2013 Annual Averages		
	Number of Employees ⁽²⁾	Percent of Total	Number of Employers	Number of Employees ⁽²⁾	Percent of Total	Number of Employers
Government	553,219	15.8 %	2,128	517,760	17.5 %	2,090
Health care and social assistance ⁽³⁾	444,002	12.7 %	38,261	336,504	11.4 %	15,449
Retail trade	333,606	9.5 %	14,232	324,679	11.0 %	14,265
Accommodation and food services	272,349	7.8 %	15,171	237,980	8.0 %	13,083
Manufacturing	265,986	7.6 %	7,896	283,647	9.6 %	6,766
Professional, scientific, and technical services	250,168	7.2 %	36,332	170,701	5.8 %	19,799
Construction	219,319	6.3 %	28,445	139,716	4.7 %	20,075
Administrative and support services ⁽⁴⁾	183,360	5.2 %	13,779	144,060	4.9 %	9,972
Information	153,546	4.4 %	6,570	105,812	3.6 %	2,732
Wholesale trade	135,189	3.9 %	12,464	124,884	4.2 %	13,312
Transportation and warehousing	125,322	3.6 %	5,163	83,885	2.8 %	4,061
Mgmt. of companies and enterprises	103,987	3.0 %	679	38,824	1.3 %	650
Other services ⁽³⁾	98,806	2.8 %	20,424	132,282	4.5 %	76,703
Finance and insurance	97,864	2.8 %	7,016	89,999	3.0 %	5,473
Agriculture, forestry, fishing, and hunting	95,030	2.7 %	6,332	94,674	3.2 %	7,030
Real estate, rental, and leasing	57,322	1.6 %	7,309	44,927	1.5 %	6,139
Arts, entertainment, and recreation	49,598	1.4 %	3,123	45,820	1.5 %	2,474
Educational services	47,498	1.4 %	3,993	37,135	1.2 %	2,740
Utilities	5,522	0.2 %	234	4,779	0.2 %	230
Mining	1,917	0.1 %	141	2,103	0.1 %	157
Total average employment	3,493,610	100 %	229,690	2,960,171	100 %	223,200

1. Industry classifications are based on North American Industry Classification System (NAICS) codes. The state of Washington is legally prohibited from disclosing the names of individual employers. The information in this table is intended to assist readers in understanding the degree of concentration in the state's employment base.
2. The number of employees is based on annual averages and represents only employees covered by unemployment insurance.
3. 2022 data is preliminary.
4. A number of state-funded programs that provide nonmedical, home-based services for the elderly and persons with disabilities were incorrectly classified as other services. Effective January 2014, these were classified correctly as health care and social assistance. This reclassification caused the annual average number of employees to increase. Employees classified as other services do not include public administration.
5. Employment classified under administrative and support services includes waste management and remediation services.

Figures may not total due to rounding.

Source: Washington State Employment Security Department, Quarterly Census of Employment and Wages

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 18 - Fortune 500 Companies Headquartered in Washington

Last Two Calendar Years

(Ranked by Company Revenues)

Rank		Company	Revenues (in millions)	Profit / (Loss) (in millions)	Employees	
2022	2021				Worldwide	Headquarters
2	2	Amazon	\$ 513,983	\$ (2,722)	1,541,000	Seattle
12	11	Costco Wholesale	226,954	5,844	304,000	Issaquah
13	14	Microsoft	198,270	72,738	221,000	Redmond
125	120	Starbucks	32,250	3,282	402,000	Seattle
140	151	Paccar	28,820	3,012	31,100	Bellevue
195	-	Coupang	20,583	(92)	63,000	Seattle
245	225	Expeditors Int'l. of Washington	17,071	1,357	20,302	Seattle
267	245	Nordstrom	15,530	245	60,000	Seattle
353	404	Expedia Group	11,667	352	16,500	Seattle
385	354	Weyerhaeuser	10,184	1,880	9,264	Seattle

Source: fortune.com/fortune500 (June 2023)

Schedule 19 - Principal Agricultural Commodities Value ⁽¹⁾

Last Ten Calendar Years (dollars in millions)

Commodities	% Change										
	2022 vs. 2021	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Apples	3%	\$ 2,068	\$ 2,008	\$ 2,095	\$ 1,959	\$ 2,141	\$ 2,430	\$ 2,351	\$ 2,319	\$ 1,896	\$ 2,134
Milk ⁽²⁾	39%	1,678	1,210	1,193	1,282	1,132	1,189	1,097	1,136	1,624	1,299
Wheat, all	55%	1,171	757	949	793	845	691	657	600	715	1,014
Cattle/calves	28%	1,019	796	706	701	652	672	704	849	806	715
Potatoes	32%	943	712	753	934	788	687	813	772	771	797
Hay, all	47%	883	602	501	468	519	516	479	499	703	675
Eggs	150%	460	184	220	166	241	141	117	332	177	148
Hops	-10%	434	482	445	476	428	459	382	280	208	185
Cherries, sweet	-13%	408	470	562	394	426	475	491	437	502	379
Grapes, all	31%	395	301	302	308	361	319	360	289	302	278

1. Acreage and/or yield data is preliminary. Data in the table may be revised periodically.

2. Value at average returns per 100 pounds of milk in combined marketings of milk and cream plus value of milk used for home consumption and milk fed to calves.

Source: United States Department of Agriculture, National Agricultural Statistics Service

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 20 - International Trade Facts (All Washington Ports)

Last Ten Calendar Years (expressed in millions)

International Trade	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Exports ⁽¹⁾	\$ 79,732	\$ 70,494	\$ 56,723	\$ 75,853	\$ 86,971	\$ 88,218	\$ 90,424	\$ 94,781	\$ 93,908	\$ 98,740
Imports	107,199	101,047	81,380	96,416	99,955	94,493	92,729	91,496	90,639	89,559
Trade balance	\$ (27,467)	\$ (30,553)	\$ (24,657)	\$ (20,563)	\$ (12,984)	\$ (6,275)	\$ (2,305)	\$ 3,285	\$ 3,269	\$ 9,181
Two-way trade	\$ 186,931	\$ 171,541	\$ 138,103	\$ 172,269	\$ 186,926	\$ 182,711	\$ 183,153	\$ 186,277	\$ 184,547	\$ 188,299

1. Export figures indicate total international trade from the state of Washington, including bonded shipments to other states and Canada (includes Boeing Company figures).

Figures may not total due to rounding.

Source: Washington State Department of Commerce

Schedule 21 - Value of Trade with Major Export Trading Partners

Last Ten Calendar Years (expressed in millions)

Export Partners ⁽¹⁾	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Canada	\$ 20,728	\$ 17,951	\$ 14,685	\$ 17,560	\$ 18,599	\$ 16,672	\$ 15,676	\$ 17,052	\$ 18,937	\$ 27,635
China	17,530	14,874	11,006	11,155	10,732	14,919	14,753	16,315	18,880	16,390
Japan	5,877	5,904	5,751	7,498	7,303	6,683	8,091	7,569	8,908	8,465
Korea, Republic of	3,597	3,798	2,812	3,941	5,771	4,615	5,129	5,071	3,644	3,371
Ireland	3,315	1,758	188	200	1,880	1,827	1,991	904	602	50
Taiwan	2,428	2,644	1,913	2,415	2,867	3,022	3,376	3,902	2,734	2,295
Malaysia	2,143	1,713	1,117	1,103	1,155	2,225	786	1,363	1,241	1,270
Philippines	2,097	1,968	1,918	1,916	1,938	1,906	1,631	1,266	1,337	1,680
United Kingdom	2,094	1,900	1,914	2,536	4,453	2,247	3,800	2,514	2,710	2,530
Mexico	1,689	1,697	533	1,471	1,196	917	984	792	1,360	1,936

1. Export figures are based on all Washington state ports, all methods of transportation.

Source: Washington State Department of Commerce

Schedule 22 - Value of Trade with Major Import Trading Partners

Last Ten Calendar Years (expressed in millions)

Import Partners ⁽¹⁾	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Canada	\$ 30,446	\$ 23,885	\$ 17,009	\$ 18,870	\$ 18,725	\$ 17,834	\$ 16,600	\$ 16,873	\$ 18,953	\$ 17,529
China	23,337	25,376	19,498	25,044	32,219	29,002	28,710	29,910	28,968	31,776
Japan	15,392	17,556	16,610	20,235	17,720	18,631	18,982	17,682	16,816	17,036
Vietnam	7,501	5,885	5,702	4,038	2,896	2,502	2,110	1,996	1,346	1,326
Korea, Republic of	6,380	5,128	3,431	4,010	4,239	4,812	5,000	5,014	4,945	4,529
Taiwan	4,426	4,348	2,991	3,123	3,207	3,396	3,415	3,574	3,347	3,131
Thailand	1,841	1,606	1,365	1,459	1,103	1,066	1,138	1,505	1,151	1,039
Indonesia	1,407	1,208	1,180	1,113	1,070	927	749	715	607	700
Germany	1,363	1,264	1,385	1,341	1,454	1,001	967	912	853	896
Ireland	1,178	1,795	499	922	1,780	2,509	3,046	548	82	24

1. Import figures are based on all Washington state ports, all methods of transportation.

Source: Washington State Department of Commerce

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 23 - Property Value and Construction

Last Ten Calendar Years (expressed in millions)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Value of all taxable property:										
Assessed value	\$ 1,957,862	\$ 1,602,638	\$ 1,435,873	\$ 1,375,481	\$ 1,276,450	\$ 1,134,145	\$ 1,022,092	\$ 949,759	\$ 880,155	\$ 808,328
Property value of exemptions:										
Senior citizen	\$ 19,232	\$ 13,012	\$ 10,398	\$ 9,258	\$ 8,108	\$ 4,871	\$ 3,601	\$ 3,590	\$ 3,183	\$ 2,491
Head of household	36	40	41	49	50	132	51	58	60	56
Total exemptions	\$ 19,268	\$ 13,052	\$ 10,439	\$ 9,307	\$ 8,158	\$ 5,003	\$ 3,652	\$ 3,648	\$ 3,243	\$ 2,547
New construction and improvements:										
Assessed value	\$ 28,090	\$ 24,491	\$ 22,731	\$ 23,800	\$ 22,239	\$ 19,286	\$ 16,122	\$ 13,656	\$ 11,213	\$ 9,198

Source: Washington State Department of Revenue, Property Tax Statistics Report

Schedule 24 - Residential Building Activity

Last Ten Calendar Years (dollars in millions)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Permits	49,033	56,941	43,881	48,424	47,746	45,794	44,077	40,374	33,898	32,962
Valuations	\$ 11,225	\$ 12,501	\$ 9,488	\$ 10,223	\$ 9,808	\$ 9,913	\$ 9,116	\$ 8,519	\$ 7,017	\$ 6,684

Source: U.S. Census Bureau

OPERATING INFORMATION

Schedule 25 - Full-Time Equivalent Staff Comparison (Budgeted Funds)

Last Ten Fiscal Years

Function ⁽¹⁾	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government	9,840	9,242	8,820	8,906	8,813	8,633	8,612	8,420	8,386	8,256
Human services	39,732	39,063	39,404	38,354	37,285	36,095	35,221	33,722	33,105	32,744
Natural resources	7,625	7,075	6,877	6,859	6,982	6,828	6,741	6,661	6,520	6,256
Transportation	10,485	10,031	10,562	10,496	10,648	10,543	10,291	10,185	10,230	10,334
Education	58,210	56,537	54,171	55,678	53,167	52,889	52,866	52,216	52,296	51,303
Total	125,892	121,948	119,834	120,293	116,895	114,988	113,731	111,204	110,537	108,893
Percentage change	3.2%	1.8%	-0.4%	2.9%	1.7%	1.1%	2.3%	0.6%	1.5%	1.2%

1. Due to timing of adjustments, numbers may change after fiscal year-end.

Notes: A Full-Time Equivalent (FTE) is one full calendar year of paid employment or the equivalent of 2,088 hours (the number of available work hours in a year). It is not the number of employees on the payroll, nor is it the number of positions in state government. It is a computed average number of state employees based upon cumulative FTE staff months during one fiscal year or cumulative hours paid during one fiscal year. Figures include budgeted operating and capital FTEs and FTEs for nonbudgeted higher education funds.

Source: Washington State Office of Financial Management

OPERATING INFORMATION

Schedule 26 - Full-Time Equivalent Staff Comparison (General Fund State)

Last Ten Fiscal Years

Function ⁽¹⁾	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government	3,574	3,213	3,061	3,117	3,075	2,911	2,898	2,794	2,825	2,740
Human services	22,397	21,678	22,608	22,888	22,046	20,441	19,893	18,791	18,508	18,487
Natural resources	2,791	2,440	2,343	2,109	1,600	1,785	1,700	1,819	1,341	1,474
Transportation	392	418	404	403	356	357	326	358	306	360
Education	16,293	15,315	15,095	15,541	15,763	14,653	15,054	15,257	15,087	14,189
Total	45,447	43,064	43,511	44,058	42,840	40,147	39,871	39,019	38,067	37,250
Percentage change	5.5%	-1.0%	-1.2%	2.8%	6.7%	0.7%	2.2%	2.5%	2.2%	-0.5%

1. Due to timing of adjustments, numbers may change after fiscal year-end.

Notes: A Full-Time Equivalent (FTE) is one full calendar year of paid employment, or the equivalent of 2,088 hours (the number of available work hours in a year). It is not the number of employees on the payroll, nor is it the number of positions in state government. It is a computed average number of state employees based upon cumulative FTE staff months during one fiscal year or cumulative hours paid during one fiscal year. Figures include operating and capital FTEs.

Source: Washington State Office of Financial Management

OPERATING INFORMATION

Schedule 27 - Operating and Capital Asset Indicators by Function

General Government

Last Ten Fiscal Years

	2023	2022	2021	2020
Department of Revenue				
Number of state excise taxpayer registered accounts	715,465	731,206	726,714	686,385
Number of taxable real estate excise tax (REET) sales	213,571	304,449	316,668	237,429
Department of Enterprise Services				
Number of leases for office space ⁽¹⁾	490	477	455	509
Gross square feet of leased office space (in thousands)	6,843	6,967	6,986	7,522
Number of owned office buildings ⁽²⁾	23	23	23	23
Gross square feet of owned office space (in thousands)	2,540	2,585	2,585	2,315
Liquor and Cannabis Board				
Liquor:				
Retail licensees	18,948	18,708	18,473	18,376
Non-retail licensees	8,647	8,317	8,216	7,963
Cannabis: ⁽³⁾				
Producer licensees	1,019	1,054	1,069	1,091
Processor licenses	1,077	1,120	1,144	1,176
Retail licensees	473	481	481	484
Transportation licenses	12	10	11	13
Research licenses	2	2	1	1

1. The number of leases for office space only includes leases that the Department of Enterprise Services has acquired. The number of leases does not include leases done under a delegation of authority by another state agency and does not include space that may include multiple uses, such as warehouse and office, office and classrooms, etc. The decrease in 2021 was caused by the sale of the Tacoma Rhodes complex in 2020.

2. In fiscal year 2020, the Department of Enterprise Services changed the property classification of seven owned buildings. Four buildings were removed from the "office" classification and three buildings were added to the "office" classification. None of the changes in reported data from 2019 to 2020 is the result of a change in ownership. In fiscal year 2023, several DES buildings were demolished including one office, which was replaced with a smaller temporary building.

3. The passage of Initiative 502, which legalized cannabis for recreational use, included these new license types.

N/A indicates data is not available or applicable.

Sources:

- Washington State Department of Revenue, Tax Statistics
- Washington State Department of Enterprise Services
- Washington State Liquor and Cannabis Board

State of Washington

2019	2018	2017	2016	2015	2014
712,928	712,884	692,856	669,897	684,306	742,139
264,181	300,136	286,686	270,689	254,147	242,434
497	492	483	552	560	546
7,347	7,037	7,236	7,392	7,542	7,749
24	22	28	29	37	37
2,843	2,533	2,784	2,780	2,990	2,990
18,235	18,528	18,298	17,132	17,739	16,246
7,690	7,337	6,874	6,279	5,626	5,649
1,137	1,208	1,167	1,035	530	57
1,224	1,280	1,175	992	456	47
482	505	507	428	171	N/A
15	16	9	N/A	N/A	N/A
1	N/A	N/A	N/A	N/A	N/A

OPERATING INFORMATION

Schedule 28 - Operating and Capital Asset Indicators by Function

Human Services

Last Ten Fiscal Years

	2023	2022	2021	2020
Department of Social and Health Services ⁽¹⁾				
Mental health programs:				
Mental health state hospitals ⁽²⁾	3	3	3	3
Mental health state hospitals available beds ⁽³⁾	1,180	1,205	1,213	1,221
Mental health state hospitals average daily census ⁽⁴⁾	946	945	948	1,061
Income assistance programs:				
Temporary assistance for needy families (TANF) and state family assistance (SFA) caseloads	32,643	28,842	29,701	26,182
Food assistance caseload ⁽⁵⁾	523,860	500,076	536,027	489,952
Health Care Authority				
Medical assistance programs:				
Monthly average caseload certified eligible	2,248,072	2,122,853	1,968,932	1,801,873
Community outpatient mental health facilities ⁽⁶⁾	308	392	451	451
Community outpatient mental health programs, clients served ⁽⁷⁾	402,062	398,133	303,603	337,693
Department of Corrections				
Number of correctional institutions	12	12	12	12
Offenders in confinement ⁽⁸⁾	13,881	13,029	14,312	16,703
Prison and work release operating capacity	14,699	18,999	19,024	17,540
Department of Health				
Licensed health professionals ⁽⁹⁾	535,664	519,621	502,073	479,973
Department of Labor and Industries				
Claims filed, injured or ill workers	101,098	102,878	95,668	99,984
Electrical inspections performed	264,723	261,919	272,731	245,713
Workplaces inspected each year by the Washington Industrial Safety and Health (WISHA) program ⁽¹⁰⁾	5,023	4,675	4,488	4,791

1. Due to reporting lags and corrections, the Department of Social and Health Services (DSHS) periodically revises historical data.
2. Facilities include: Eastern State Hospital, Western State Hospital, and Child Study and Treatment Center.
3. Data reflects that per Western State Hospital, 15 beds were added to the S10 wing in July 2018. Additionally, a 30-bed civil ward was converted to forensic in August 2018.
4. The Average Daily Census (ADC) is the number of patients in residence at midnight each day. ADC is calculated by dividing the sum of daily in-residence census by the number of days in the month.
5. Data reflects the state fiscal year average of households enrolled in both the federally funded Basic Food Program (SNAP) and the state-funded Food Assistance for Legal Immigrants Basic Food Program (FAP).
6. Fluctuations in the number of community outpatient health facilities are due to funding shifts and legislation. Data reflects the total distinct counts (by fiscal year) of community outpatient mental health agencies actively enrolled in Provider One. The count is based on an agency's Tax Identification Number.
7. The number of clients served in community outpatient mental health programs during previous fiscal years may change in future report iterations due to reporting lags and data corrections. Note that the service count for fiscal year 2019 is incomplete, due to the underreporting of encounter data to the Behavioral Health Data System by submitting entities participating in Integrated Managed Care.
8. Offenders in confinement include offenders in prison, work release, and in-state rented beds.
9. Licensed health professionals include certified, licensed, and registered health professionals. These counts exclude ARNP licenses as duplicative due to their dual credential mandate.
10. Timing of inspections within the fiscal year can result in delays in report filings. Due to reporting lags, data may be revised.

State of Washington

2019	2018	2017	2016	2015	2014
3	3	3	3	3	3
1,234	1,221	1,205	1,192	1,161	1,161
1,085	1,113	1,143	1,123	1,101	1,117
25,424	26,031	28,556	31,287	35,159	42,571
490,560	511,711	531,149	561,112	582,204	595,150
1,797,117	1,853,207	1,880,287	1,838,532	1,722,935	1,412,069
191	210	179	120	131	157
150,859	180,299	176,392	177,974	170,469	152,155
12	12	12	12	12	12
19,328	19,802	19,413	18,991	18,445	18,121
17,453	17,454	17,434	17,434	17,498	17,187
484,128	468,421	455,806	437,775	417,504	401,828
111,837	111,604	109,965	110,498	109,359	106,903
260,302	251,114	240,235	236,422	214,439	203,975
5,061	4,256	4,403	4,082	4,918	5,292

Sources:

Washington State Department of Social and Health Services
 Washington State Health Care Authority
 Washington State Department of Corrections
 Washington State Department of Health
 Washington State Department of Labor and Industries

State of Washington

OPERATING INFORMATION

Schedule 29 - Operating and Capital Asset Indicators by Function

Transportation

Last Ten Fiscal Years

	2023	2022	2021	2020
Department of Transportation				
Number of ferries ⁽¹⁾	21	21	21	23
Vehicles on ferries (in thousands)	8,943	8,600	8,409	9,019
Passengers on ferries (in thousands)	9,298	8,556	6,917	10,357
State highway miles of travel ⁽²⁾				
Rural (in millions)	N/A	10,836	11,952	10,478
Urban (in millions)	N/A	15,593	21,824	19,474
State highway lane miles ⁽³⁾				
Rural	N/A	13,179	13,178	13,169
Urban	N/A	7,746	7,720	7,707
Total	N/A	20,925	20,898	20,876
Pavement patching & repair (square feet) ⁽⁴⁾	3,330,151	1,937,009	2,385,297	1,340,237
Pavement striping maintenance (miles)	17,669	12,540	15,265	15,237
Anti and de-icing liquid application (gallons in thousands)	2,024	1,610	1,626	1,450
Litter pickup (cubic yards)	88,721	25,141	17,815	17,351
Department of Licensing ⁽⁵⁾				
Total vehicle registrations (in millions)	8,020	8,081	8,200	7,938
Licensed drivers (in millions)	6,004	5,951	5,864	5,806
Washington State Patrol ⁽⁶⁾				
Total contacts	907,884	812,517	1,010,329	1,025,808
Citations issued	323,422	248,519	370,283	388,617
Motorist assists	304,731	312,489	329,655	313,313
Collisions investigated	41,446	42,476	35,689	37,152
Number of traffic officers	550	511	618	615

1. Twenty-four ferry vessels in inventory, but three are impaired and ready for sale. These three are not included in the number reported above.
2. The Annual Vehicle Miles Traveled report lags for one year, so there is no data for current year.
3. The Highway Lane Miles report is based on a calendar year.
4. The Maintenance Operations Division has a mobile application to track units, HATS (Highway Activity Tracking System), that began July 1, 2015. With this system, maintenance personnel are able to more accurately track the type of work they are doing as well as the amount.
5. Vehicle count includes all registered vehicles. Driver count includes all licensed drivers.
6. Due to time and activity adjustments, the Washington State Patrol periodically revises its data up to three years.

N/A indicates data is not available.

Sources:

Washington State Department of Transportation
 Washington State Department of Licensing
 Washington State Patrol

State of Washington

2019	2018	2017	2016	2015	2014
23	23	23	24	24	22
10,555	10,709	10,545	10,563	10,372	10,156
13,701	13,858	13,681	13,525	13,261	12,651
11,971	11,915	11,611	11,487	11,098	10,641
23,453	23,460	23,015	22,741	22,237	21,536
13,129	13,113	13,114	13,113	13,091	13,085
7,686	7,697	7,682	7,650	7,641	7,606
20,815	20,810	20,796	20,763	20,732	20,691
1,880,860	2,097,641	2,456,825	3,826,649	74,263	86,948
21,364	19,064	19,780	19,600	23,156	16,835
2,393	1,747	4,007	1,688	1,210	2,721
18,899	19,641	25,530	18,169	18,876	22,586
8,164	8,063	7,792	7,214	7,039	6,866
5,705	5,916	5,778	5,639	5,520	5,404
1,187,886	1,222,738	1,128,175	1,141,911	1,228,396	1,225,768
464,818	470,886	434,452	464,024	509,689	506,862
325,241	331,283	335,063	328,208	316,659	300,806
43,063	44,181	46,223	43,501	37,996	35,479
607	608	583	539	589	585

OPERATING INFORMATION

Schedule 30 - Operating and Capital Asset Indicators by Function

Natural Resources and Recreation

Last Ten Fiscal Years

	2023	2022	2021	2020
State Parks and Recreation Commission				
Number of official, developed state parks	124	124	124	124
Number of owned or managed properties	89	90	94	94
Acreage of state parks	122,213	121,641	122,257	121,812
Attendance at state parks (in thousands)	41,159	40,769	45,364	34,718
Department of Fish and Wildlife ⁽¹⁾				
Recreational licenses issued ⁽²⁾				
Hunting licenses ⁽³⁾	664,646	672,408	735,559	677,112
Fishing licenses ⁽³⁾	1,194,646	1,175,209	1,302,590	1,159,018
Hatchery releases (pounds in thousands)				
Salmon releases	3,717	3,530	3,877	3,729
Trout releases ⁽⁴⁾	1,532	1,631	1,618	1,650
Department of Natural Resources ⁽¹⁾				
Common schools trust land acreage (in thousands)	1,781	1,781	1,781	1,783
Total trust land acreage (in thousands)	3,133	3,131	3,131	3,133
Timber acres sold	17,444	19,585	20,802	18,413
Timber volume harvested (thousand board feet)	507,668	484,438	527,562	511,845
Timber volume sold (thousand board feet)	469,998	429,235	545,074	533,899
Natural area preserve sites	58	58	57	57
Natural area preserve acreage	41,470	41,344	40,816	40,730
Natural resources conservation area sites	39	39	39	39
Natural resources conservation area acreage	126,524	125,874	125,577	125,263

1. Fiscal year 2023 data is preliminary. Data in the table may be revised periodically.
2. Recreational licenses issued include secondary license documents such as endorsements, catch cards, duplicates and applications taken from Monthly Sales Statistics report.
3. Beginning in 2020, the Fish Washington package totals are added to the Fishing licenses total. The Get Outdoors package totals are added to the Hunting licenses total.
4. Trout releases do not include trout lodge fish purchased by DFW.

Sources:

Washington State Parks and Recreation Commission
 Washington State Department of Fish and Wildlife
 Washington State Department of Natural Resources

State of Washington

2019	2018	2017	2016	2015	2014
125	125	124	124	123	123
94	94	91	91	93	93
121,077	123,007	122,908	138,613	137,781	138,266
37,997	36,745	35,373	35,055	33,045	34,000
634,510	615,528	597,025	607,849	595,169	556,745
1,269,642	1,332,880	1,397,951	1,525,780	1,546,250	1,503,651
3,747	3,697	3,593	3,505	3,883	3,787
1,577	1,582	1,491	1,583	1,597	1,645
1,784	1,786	1,788	1,788	1,790	1,791
3,135	3,132	3,133	3,125	3,122	3,122
21,338	17,608	20,392	24,382	23,499	21,966
497,941	512,143	483,357	480,898	449,115	471,343
488,142	500,675	520,498	526,382	467,555	489,917
56	56	56	56	55	55
40,427	40,347	37,642	37,273	36,342	36,245
38	38	37	36	36	36
124,127	122,742	121,857	118,579	114,244	113,116

OPERATING INFORMATION

Schedule 31 - Operating and Capital Asset Indicators by Function

Education

Last Ten Academic Years

	2022-23	2021-22	2020-21	2019-20
K-12 Enrollment ⁽¹⁾				
K-8	724,341	722,348	726,141	766,864
9-12	315,573	312,332	306,666	306,797
Summer	562	554	506	49
Running start	21,566	21,425	25,693	25,641
Open doors youth re-engagement program ⁽²⁾	5,931	4,887	5,120	5,577
UW transition	115	124	125	120
Washington Youth Academy ⁽³⁾	299	230	133	338
Total	1,068,387	1,061,899	1,064,384	1,105,386
High school graduates ⁽⁴⁾	N/A	70,121	70,009	69,482
Higher Education				
Community and Technical Colleges:				
Number of campuses	34	34	34	34
Enrollment ⁽¹⁾⁽⁵⁾	94,594	94,531	103,034	117,118
Associate degrees granted	23,244	25,490	29,306	27,704
Baccalaureate degrees granted	1,823	1,830	1,923	1,379
Public Universities: ⁽⁶⁾				
Number of campuses	11	11	11	11
Enrollment ⁽¹⁾⁽⁷⁾	98,269	110,024	108,195	113,518
Baccalaureate degrees granted	N/A	24,971	26,203	26,773
Masters degrees granted	N/A	7,963	7,269	7,137
Doctors degrees granted	N/A	1,055	1,099	1,201
Professional degrees granted	N/A	732	901	917

1. K-12 enrollment figures are preliminary for academic year 2022-23. Enrollment is based on a full-time equivalent student, which is defined as:
 - Kindergarten: 4 classroom hours per day for 90 days or 2 classroom hours per day for 180 days.
 - Grades 1 through 3: 4 classroom hours per day for 180 days.
 - Grades 4 through 12: 5 classroom hours per day for 180 days.
 - Undergraduate student: 15 credit hours per term.
 - Graduate student: 10 credit hours per term.
2. The youth re-engagement program was created to provide educational opportunities for youth ages 16-21 who have dropped out of high school or are not accumulating sufficient credits to reasonably complete a high school diploma in a public school before the age of twenty-one.
3. The Washington Youth Academy (WYA) serves youth from every county in Washington. WYA is a National Guard Youth Challenge program focusing on academic intervention and credit recovery and is the only publicly-funded military-style academy in the state for 16-18 year olds who have or are at risk of dropping out of high school.
4. High school graduates are calculated using an adjusted (four-year) cohort method that tracks students expected to graduate high school within a four year period of time. Total high school graduates consist of students who received high school diplomas, graduated with Associates degrees, and graduated under Individualized Education Plans (IEPs).
5. Enrollment figures include all state funded (non-dual enrolled) students, which may include students under the age of 18. Figures also include students enrolled in baccalaureate partnership programs.
6. Public Universities include all four-year public institutions and branch campuses. The universities periodically update the number of degrees granted to more accurately reflect the data at the institution level. Enrollment is the annual average total four-year FTE enrollment from the State-Funded Public Higher Education Enrollment Report.
7. The enrollment number for four-year public institutions for 2022-23 does not include The Evergreen State College. As of the preparation date of this report, the data was not available.

State of Washington

2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
761,100	756,379	747,548	726,137	705,175	696,390
303,621	307,373	307,714	307,575	307,417	306,030
819	962	972	1,031	993	1,010
24,034	22,484	20,560	18,562	17,070	15,090
5,528	4,785	4,117	3,561	2,905	2,058
115	114	112	116	108	107
330	335	342	N/A	N/A	N/A
1,095,547	1,092,432	1,081,365	1,056,982	1,033,668	1,020,685
68,251	67,966	65,491	64,126	62,598	60,680
34	34	34	34	34	34
123,292	127,994	130,577	135,108	138,724	143,292
30,167	30,315	29,534	29,624	29,137	28,758
1,397	1,005	785	497	286	244
11	11	11	11	11	11
113,811	113,067	111,221	109,834	107,935	106,038
26,895	26,040	25,473	24,860	24,875	24,167
6,606	6,564	6,496	6,031	5,878	5,761
1,227	1,157	1,081	1,125	1,131	1,022
874	850	832	790	774	781

N/A indicates data not available or not applicable.

Sources:

Washington State Office of Financial Management
 Washington State Office of Superintendent of Public Instruction
 Washington State Board for Community and Technical Colleges
 Washington Student Achievement Council

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